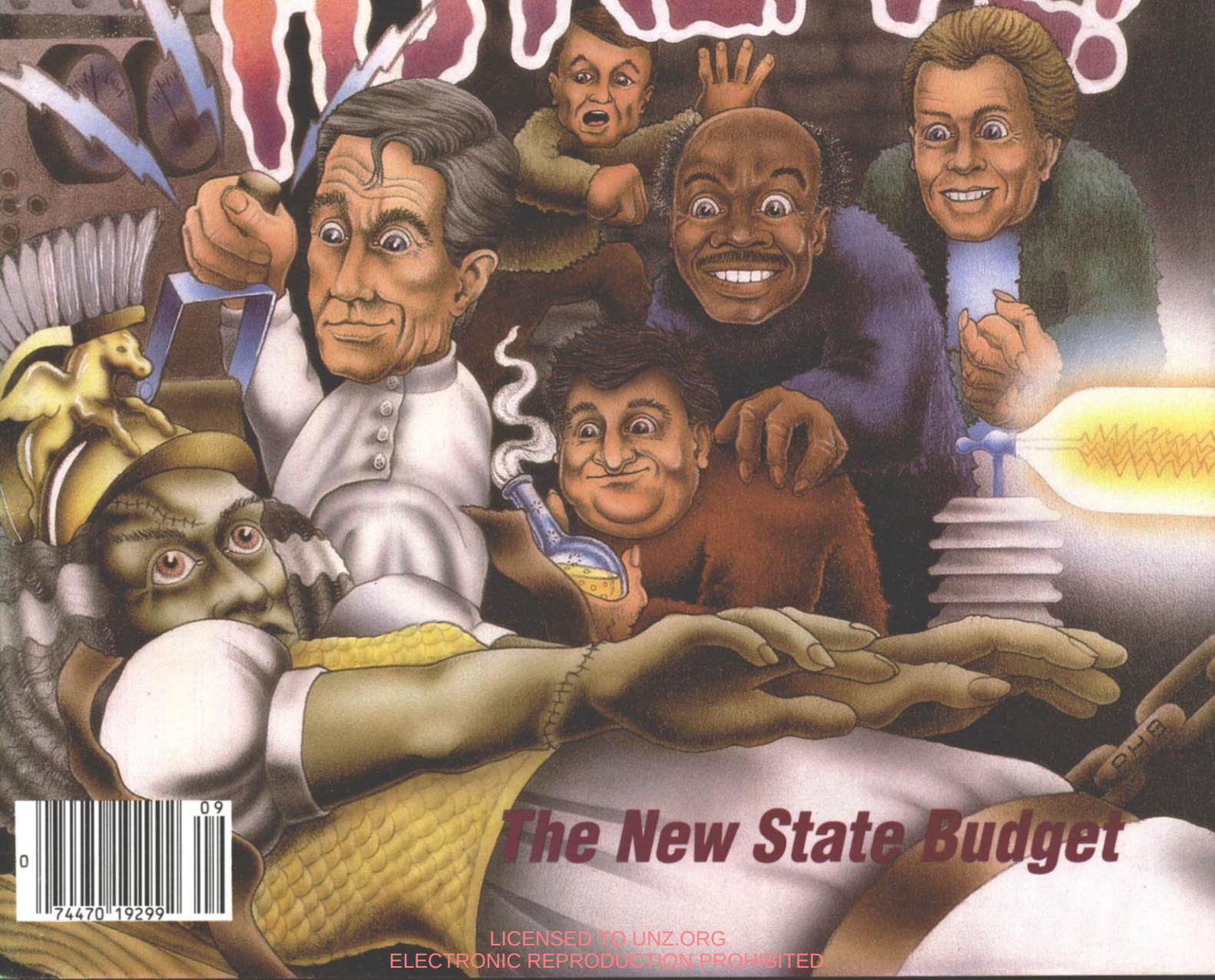


SEPTEMBER 1991 \$3.50

California JOURNAL

INDEPENDENT ANALYSIS OF POLITICS AND GOVERNMENT

It's ALIVE!



The New State Budget



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Japan and America: Where the Twain Meet

"Oh, East is East, and West is West, and never the twain shall meet," Kipling wrote long ago, and even today that saying sums up the feelings of many Americans and Japanese toward each other. But William Brinker, a high school social studies teacher from Farmington Hills, Michigan, disagrees. "The gulf between our cultures exists, but it can be bridged. We just have to work harder at understanding one another."

Brinker was a participant in the annual U.S./Japan Teachers Exchange Program sponsored by Hitachi. Now in its fourth year, this exchange helps promote mutual understanding, cultural awareness, and friendship between our societies on a personal level.

Since 1987, the program has sponsored the visits of 16 American teachers to Japan and five Japanese to the United States. Last year saw the largest exchange so far: four American and three Japanese teachers. For three weeks, they toured the sites, taught children, and lived in the homes of their hosts. For most, it was their first direct exposure to the culture they had

so often taught about. Even for Brinker, who had spent time in Japan 36 years ago as a serviceman, the experience was eye-opening. "I came away with a much better understanding of the Japanese people," he says.

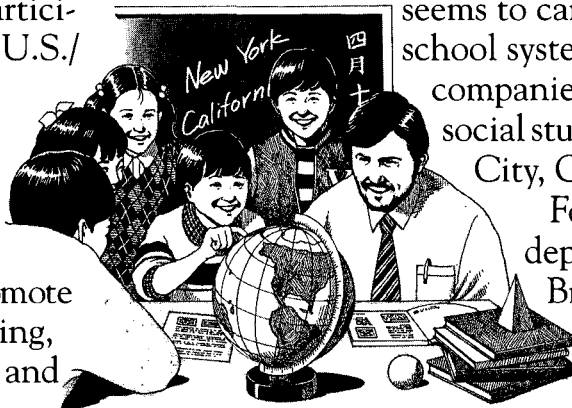
As teachers, the American visitors were struck by the way Japanese parents support the school system and the respect students show in the classroom. "The support and love of the family seems to carry out not only in the school system but also into their companies," says Greg Alvarado, a social studies teacher from Daly City, California.

For Delia Grogan-Selby, a department chairperson from Bronxville, New York, the home stay was a highlight of her visit. "I felt like I had

parachuted into my own family, but it was Japan," she says.

Hitachi is proud to sponsor the U.S./Japan Teachers Exchange Program. We believe its positive impact will multiply as returning teachers share their personal experiences with students, colleagues, and friends at home.

For more information, write: Hitachi, P.O. Box 35146, Los Angeles, CA 90035.



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We owe it to the environment to listen.



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THE COUNTY OF LOS ANGELES

On April 24, Lehman Brothers closed the first RIBS/SAVRS issue in California—an \$89.4 million transaction for the County of Los Angeles. The deal was also the first in which RIBS/SAVRS were issued as Certificates of Participation.

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California JOURNAL

SEPTEMBER 1991
VOLUME XXII, NUMBER 9

The (gulp) budget

392

Governor Pete Wilson and the Legislature overcame a \$14 billion deficit to patch together a monster state budget. California Journal's review includes a look at the compromises, including so-called "structural reforms" and tax increases.

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UP FRONT

Pete Wilson won one and lost one recently. No, not in the budget fight. In Republican Assembly primaries. One Wilsonian captured the GOP nomination in a special election held in the Sacramento area while another lost an Orange County contest.

The candidate who carried Wilson's banner to victory was B.T. Collins, appointed by Wilson last year to head up the California Youth Authority. Collins, of course, is no stranger to Capitol politics. He was chief of staff to former Governor Jerry Brown and to former state Treasurer Tom Hayes. He also served as head of the California Conservation Corps under Brown. A combat veteran who lost a hand and a leg in Vietnam, Collins also helped spearhead the effort to build the Vietnam Veterans' Memorial in Capitol Park.

Collins won the 5th District GOP nomination in the mail box, not at the ballot box. His main opponent, Republican anti-abortion activist Barbara Alby, actually outpolled Collins on election day — 14,023 to 13,375. But Collins' aggressive absentee-vote campaign swamped Alby's effort; he received 11,106 absentee ballots compared with 6007 for Alby. As a result, Collins captured 45.6 percent of the total vote to Alby's 37.3 percent. Six other Republican candidates shared the remaining votes with Libertarian David McCann and write-in Mark Norberg. No Democrats filed for the contest. Collins was supported by most Assembly Republicans, although freshman David Knowles, also a staunch anti-abortion activist, backed Alby. Since Collins did not capture more than 50 percent of the vote, he must compete in a September runoff election against Libertarian McCann. Collins will replace Republican Tim Leslie, elected to the state Senate earlier this year to replace Republican John Doolittle, who was elected to Congress last November.

If Collins provided Wilson with a victory, the governor's other candidate — Orange City Councilman William Steiner — lost in Orange County to veterans activist Mickey Conroy. Conroy received 43.7 percent of the vote to 36.7

percent for Steiner. Like Collins, Conroy will face a runoff against Democrat Gregory Ramsay. But his victory is a foregone conclusion given overwhelming GOP registration. Conroy will replace Republican John Lewis who won a special election to the state Senate earlier this year. Lewis, in turn, replaced John Seymour, who was appointed to the U.S. Senate to fill out the term of Pete Wilson after he was elected governor.

Conroy's victory is considered both an upset and an Orange County referendum on tax increases, coming as it did in the middle of the Assembly debate over tax increases aimed at offsetting the state's \$14-billion deficit (see story, page 392).

Conroy's election was bad news for Democratic Assemblyman Tom Hayden, as well. The 50ish Conroy has made a career of bashing Hayden, referring to him as "Viet Cong Tom" in a veterans' newsletter that Conroy has published for years.

One other special Assembly election, held July 30th, had nothing to do with Wilson. In a runoff election to fill a vacancy in the 46th District, Democrat Barbara Friedman easily outpolled Republican Geoffrey Church.

Friedman, 41, had survived a tough June 4th primary against a bevy of Democratic wanna-bes, among them Deputy City Attorney John Emerson. In the runoff, Friedman captured 72 percent of the vote. Church, a 28-year-old stockbroker, got 21 percent. The district had been represented by former Assembly pro Tem Mike Roos, who resigned from the lower house last spring to head up a non-profit group trying to reshape and reform the Los Angeles school system. Prior to her election, Friedman worked as an aide to Democratic Assemblyman Burt Margolin and was serving as deputy controller for Los Angeles before taking a leave of absence to run for office. Her victory was also a win for campaign consultants Michael Berman and Carl D'Agostino, and for the Berman-Waxman political machine.

Turn-off was apparent in all three elections as voters stayed away from the

polls in droves. In the highly charged 5th District race, 23 percent of registered voters participated. In the 67th District, only 16.5 percent voted. And in the 46th District runoff, 17.6 percent voted.

The good news for Chuck Farrell? He won Southwest Airlines' recent "Pete Wilson look-alike contest." Farrell —



like Wilson, a San Diegan — won two roundtrip tickets to any Southwest destination. The bad news for Chuck Farrell? He won Southwest Airlines' recent "Pete Wilson look-alike contest." Californians grumpy over new taxes meant to help resolve the current budget crisis might actually mistake Farrell for Wilson.

"It is a failure for democracy when government fails to explain itself clearly and candidly to the citizens. It is equally a failure when the press fails to communicate intelligibly the news of government or when the news becomes a propaganda weapon employed by self-seeking interests to frustrate effective leadership."

— Douglass Cater

Come across a blurb lately that's nosy, newsy or smartalecky about California government, politics or politicians? Share it with the Journal. We pay up to \$25 for entertaining tidbits published in "Up Front." So, rush your items to Up Front, 1714 Capitol Avenue, Sacramento, CA 95814. Sorry, submissions cannot be returned.

ROSTRUM

Taxpayer awareness

As an elected member of the State Board of Equalization, and its chairman since March 21, 1991, I was interested to read Joseph Micallef's discussion of the board in your August 1991 "Soapbox" feature. I agree with his assertion that the board needs to do more to educate its public, primarily the 850,000 retailers who collect and remit the sales tax.

Unfortunately, it is much easier to get Department of Finance support for increased auditing positions than it is to get that support for public education. For example, when I was sworn into office, I proposed that the Department of Finance provide the board with \$70,000 to translate many existing taxpayer assistance booklets into Chinese, Korean, and Vietnamese; and to translate more booklets into Spanish. Even for those of us who grew up speaking English, "tax" is a foreign language. How much more difficult is it for new entrepreneurs who must learn English at the same time?

It is also important to note that although the board has increased its audit staff over the years, the number of businesses under our jurisdiction has also increased. Moreover, the board spends considerable resources on taxpayer education. The Sacramento district office, for instance, conducts free tax seminars monthly, as do other district offices throughout the state. Special seminars for specific industries are also provided on a regular basis.

As for Mr. Micallef's suggestion that the governor appoint a panel to examine the board's internal procedures, such a panel already exists—the elected members of the board. Since voters already elect a board, an appointed panel would be surplus. As a tax attorney and a CPA, I feel fully qualified to keep a close watch on the board's internal operations. Further, I urge anyone with concerns about board procedures to contact me directly.

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Wilson, lawmakers unl



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MONSTER

state budget

By Steven A. Capps

The process wasn't pretty and the end result far from perfect, but Governor Pete Wilson and the Legislature at least deserve credit for tackling the largest state budget deficit in the nation's history — and producing a new state budget only 16 days late.

When it was all over and the new budget signed into law 15 minutes before midnight on July 16th, state government emerged bruised and battered but still standing, operating under a patchwork \$55.7 billion budget peppered with historic achievements or monumental blunders, depending on one's point of view.

The new budget included:

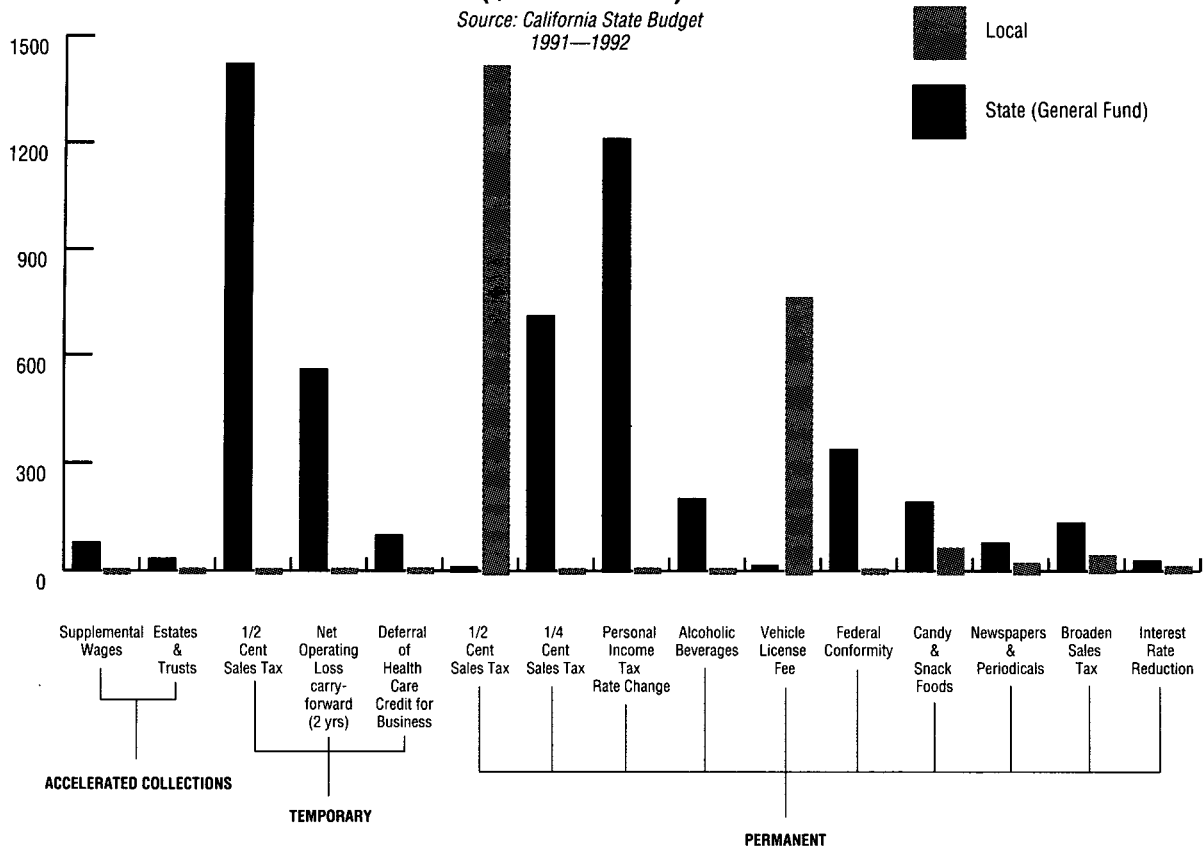
- the largest tax increase in state history, totaling more than \$7 billion in income and sales tax hikes, increases in vehicle registration fees, the highest student fees ever and a hike in the liquor tax;
- elimination of a 56-year-old exemption from the sales tax for candy and snack foods, as well as for newspapers and magazines;
- a first-ever cut in monthly welfare grants for recipients of Aid to Families with Dependent Children, the state's largest welfare program;
- adoption of a "realignment" system to set counties on the road to financial independence from the state in running health and welfare programs;
- pay cuts, mandatory unpaid furloughs and, in some cases, layoffs of state workers — sticky issues yet to be

Steven A. Capps is a Capitol reporter for the San Francisco Examiner.



1991-92 Revenue Changes (\$ In Millions)

Source: California State Budget
1991-1992



worked out at the collective bargaining table;

- a restructuring of the Public Employees Retirement System for state and local government workers, cutting surplus benefits and allowing the governor to appoint an outside actuary to monitor the performance of the system's governing board.

Adoption of the budget was not only of paramount interest to counties, cities, school districts and the tens of thousands of state employees that depend on the state for money, but also to Wall Street where the state markets its bonds. California's budget woes threatened its coveted triple-A bond rating by Wall Street firms, a rating that allows California to save millions in interest when selling its bonds. The bond-rating houses, after studying California's new budget, reaffirmed its triple-A credit rating, although the largest — Standard and Poor's — warned that it would be watching California's budget performance very closely in the coming years and might quickly downgrade the state if the budget were to fall out of balance again.

Many legislators, including those who helped fashion the new spending

plan, cautioned that it was precarious, based on economic growth not yet materializing. Even with a strong economic recovery late in the fiscal year, they warned, many of the budget's key components were merely quick fixes and California would be back in the fiscal soup in later years.

Senate Republican leader Ken Maddy of Fresno said expenditures would begin to outpace revenues within three years. And two key elements of the budget — the income tax hike and a freeze on automatic increases in welfare payments — both expire after five years.

Wilson, who carefully had avoided a "no-new-taxes" approach during his 1990 gubernatorial campaign, found himself facing a projected budget deficit immediately upon his election. Outgoing Governor George Deukmejian made a half-hearted attempt to ease the problem by calling the Legislature into special session shortly before leaving office, but Democrats would have none of it. Holding majorities in both houses of the Legislature, Democrats decided to wait and take their chances with the new Republican governor, decidedly more moderate than the two-term

Deukmejian.

When Wilson took office, his Department of Finance — headed by Tom Hayes, a popular but politically inexperienced former auditor general who had been appointed state treasurer by Deukmejian but then ran unsuccessfully for the job on the GOP ticket with Wilson — was estimating a projected deficit at a whopping \$7.5 billion.

The budget gap stemmed from a combination of factors, including an economic recession that led to sagging tax revenues, plus increased caseloads for schools and social programs and built-in cost-of-living increases in state programs.

The \$7.5 billion estimate was more than twice the gap faced by the state the year before, when adoption of the budget was a record month late as legislative Democrats battled with Deukmejian and conservative Republicans who were able to hold up the budget because of the two-thirds vote required for its passage.

In subsequent months, Wilson's estimate of a \$7.5 billion gap proved overly optimistic.

Wilson unveiled his initial budget proposal in January 1991, and it in-

cluded about \$1.7 billion in new taxes and fees, including an increase in the tax on alcoholic beverages and application of the sales tax to candy, snack foods, newspapers and magazines. He called for a reduction in the renters' income tax credit, a 3 percent cut in monthly welfare benefits and permanent suspension of automatic cost-of-living increases in health and welfare programs.

And, in one of his more controversial moves, the governor asked for legislative approval for suspension of Proposition 98 — the voter-approved initiative guaranteeing schools at least 40 percent of all state revenue.

While his initial budget did not include a call for a statewide sales tax hike — that would come later as the economy worsened — he did propose a measure allowing counties and cities to raise their local sales taxes by a half-cent for anti-drug and anti-crime programs.

Members of his own party bemoaned these revenue boosts, saying more programs should be cut instead. But Wilson balked at further cutting, saying they would result in draconian elimination of needed state services.

The ink was barely dry on Wilson's January budget proposal when new estimates began to show the budget gap far worse than anyone had imagined. By the end of January, Legislative Analyst Elizabeth Hill was predicting the budget deficit at nearly \$10 billion. In April, legislators returned from Easter recess to find that Wilson's own advisers were reporting a potential deficit of \$12.6 billion.

To meet the growing shortfall, the governor came up with a new budget plan that disappointed many Republicans but delighted Democrats. While proposing new cuts loathsome to Democrats, he also acknowledged that half of the budget gap would have to be erased through tax increases. He proposed a one-and-one-quarter-cent increase in the statewide sales tax, and other tax increases for a total of about \$6 billion in new revenue that caught Democrats by surprise. He also called for an 8.8 percent cut in welfare grants, an idea liberal Democrats vowed would never become law.

Somewhat arrogantly, the governor called his new budget package not a proposal but a "solution." His call for quick adoption would not be heeded.

Nor was the floodtide of bad news at an end. A few weeks later, as the

economy continued its downward plunge, Department of Finance analysts began warning that the budget gap would be "larger than \$13 billion." On May 20th, the department revised its official estimate of the deficit to \$14.3 billion — the number that would be used through the remainder of the budget negotiations.

It was a staggering projection: California's deficit was larger than the entire general fund budgets of all but two states in the nation. The deficit was about 25 percent of the entire budget.

Wilson and legislative leaders plunged into closed-door negotiating sessions in his office. The first concrete agreement to emerge amounted to capitulation on the part of the governor: He agreed to drop his demand for suspension of Proposition 98, and the Legislature quickly passed a school finance bill that closed the books on nearly half of the budget.

The remaining issues, however, proved more difficult to resolve. Wilson and three of the Legislature's leaders — Assembly Speaker Willie Brown of San Francisco, Senate President pro Tem David Roberti of Los Angeles, and Senate GOP leader Maddy — saw eye-to-eye on a lot of matters. But the governor was having trouble with the Assembly Republican caucus.

Assembly GOP leader Ross John-

son of Fullerton said he could not speak for his divided caucus during the budget negotiations. Many of his conservative members were upset at the tax increases proposed by the new governor. Johnson merely acted as a go-between, carrying messages back to his colleagues, but could not guarantee votes.

A budget package was finally put together in late June, but among its elements was a 6 percent tax on cable television and telephone service sought by Wilson. The four leaders seemed in agreement, but then Democrats in the Assembly blocked the utility tax proposal and the package fell apart.

Rejection of the utilities bill set the stage for weeks of haggling over the final \$2 billion needed to balance the budget. Various forms of a utility tax were discussed, but none seemed destined for approval.

Then the business community, led by the California Chamber of Commerce and the California Manufacturers Association, pulled the rug out from under Wilson. After figuring out that the utility tax would hit business hardest, the associations advised Wilson they would rather see some form of an income tax hike instead.

During his campaign and throughout the first months of his administration, Wilson had stood firm against an increase in the income tax, arguing that it would drive business out of Califor-

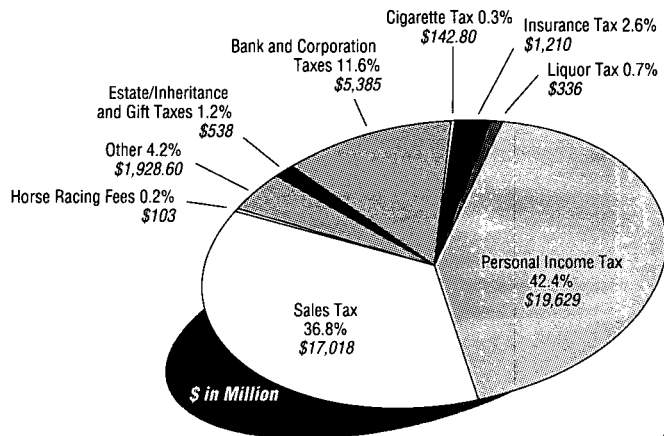
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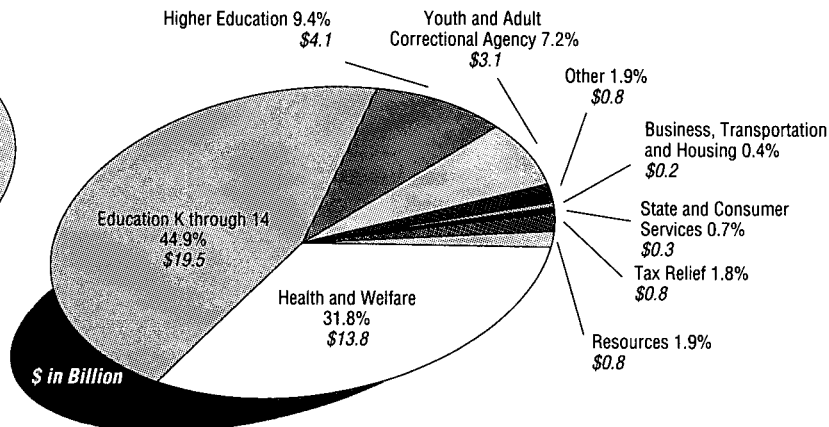


Where the General Fund Comes From 1991-92 Fiscal Year

Source: California State Budget
1991-1992



Where the General Fund Goes 1991-92 Fiscal Year



nia. But business had spoken, and he listened.

The governor sent out word to the Legislature that he would agree to an income tax hike for the richest Californians, an idea being pushed by Democrats, but with a big catch: They would have to agree to legislation restricting claims under the state's workers' compensation program. At issue were claims filed for mental stress. Current law required employers to pay stress claims if the employee proves that at least 10 percent of the stress injury is caused by on-the-job condition.

Wilson and business wanted the standard raised to 50 percent but faced considerable opposition among Democrats and others with a vested interest in the workers' compensation system — trial lawyers, insurance companies, labor, manufacturers, ad infinitum. In choosing to fight over such a politically complex issue, Wilson bit off more than he could chew. Democrats finessed the issue by insisting that insurance company profits also be cut, thus converting those companies from supporters to opponents. In the end, Wilson got little more than a face-saving measure that left the 10 percent standard in place but prohibited workers from filing stress claims within the first six months of employment.

The governor also was forced to back off another controversial proposal — to reshape the 13-member Public Employees Retirement System board. Wilson wanted to replace it with a seven-member board, the majority of which he would appoint.

In the end, the board was left intact but the governor won approval for a change in PERS supplemental retirement benefits. Wilson also backed off his call for an 8.8 percent welfare cut, but did get a 4.4 percent cut — the first such cut in state history.

With the final issues resolved, only one task remained for Wilson. He still had to convince some members of his own party in the Assembly to vote for the budget. Without the support of the Assembly Republican leadership, Wilson had to peel off the votes one-by-one on each of the budget elements.

During the budget fight, Wilson at one time or another was able to pressure 16 different Assembly Republicans into voting for various elements of the budget, including the tax increases. Absent from these ranks was Minority Leader Johnson.

The number who finally voted for one piece of the budget or another was significant as it represented an exact majority of the 31-member caucus. And soon after the budget passed, 16 members of the Assembly Republican caucus voted to oust Johnson in favor of a new minority leader, Bill Jones of Fresno.

Jones made it clear on his first day as minority leader that he believed part of his job would be to help — not hinder — Republican Wilson as he went about pursuing his future policies in the Legislature.

"Part of the responsibility of the minority leader is to act as a floor leader for the governor and the positions of the administration," Jones said.

But Wilson still has his problems.

The most conservative members of the Assembly GOP caucus were openly critical of Wilson's budget solution. The most outspoken was Thousand Oaks Assemblyman Tom McClintock.

"God help us if he's ever across the table from the Russians in negotiations," McClintock said.

Wilson's assault on PERS and his call for pay cuts, mandatory furloughs and layoffs of state workers also created bitter enemies in the state workers' unions. Most of the \$800 million in savings Wilson wanted in employee compensation was to be addressed in collective bargaining sessions, and those sessions were volatile. State workers unions refused to go along, and in some cases threatened strikes.

"We feel that the governor is trying to reshape government in his image to pave his way to the presidency," said Pat McConahay, spokeswoman for the largest state employee union, the California State Employees Association. "He isn't interested in cuts. He's interested in breaking the union."

Still, completion of such a difficult budget 16 days into the fiscal year was more than many in state government had hoped for. More pessimistic members of the Legislature had predicted no agreement until well into August.

"We have made the tough decisions now, thereby saving ourselves from a world of pain later on," Wilson said after signing the budget.

Only time will tell whether the first-term, moderate Republican governor really avoided that "world of pain" — or merely postponed it for a few years. 🏠

A package of reforms

Governor Pete Wilson is fond of saying that the new state budget contains more reforms than any California budget in history. One person's reforms are another's cuts, however, and some of the reforms in this new budget are only temporary.

In proposing the largest tax increase in state history to help solve the unprecedented \$14.3 billion budget crisis, Wilson sought what he called "reforms" in the new state budget. These included elimination of annual automatic cost-of-living increase in various health and welfare programs; a complete restructuring of the governing board of the \$63 billion Public Employees Retirement System; restrictions on stress claims filed under the state's workers' compensation system; and a realignment program giving counties more control over state-mandated health and welfare programs and trial courts.

The new Republican governor got much of what he wanted, but not all.

Wilson was unable to convince Democrats in the Legislature to go along with a permanent suspension of the COLAs. He had argued that the automatic increases put California's budget on automatic pilot down a road to bankruptcy. But Democrats knew if they permanently suspended the COLAs, it would be next to impossible to get the required two-thirds vote to reinstitute them even when the economy improved.

The governor was able to win agreement for a five-year suspension of the COLAs, which is expected to save the state about \$5 billion. In five years, when the COLAs kick back in, the state also will begin losing at least \$1.2 billion a year as a temporary hike in the income tax also automatically expires.

Wilson opened his budget negotiations in January asking for a 3 percent cut in welfare benefits paid under the Aid to Families with Dependent Children program. As the economy worsened and the state's budget woes grew, he said an 8.8 percent cut was necessary. He finally settled for 4.4 percent, the first such reduction in state history.

The governor faced the wrath of school, local government and state employees and retirees when he proposed that the state eliminate the supplemental retirement benefits that were

being given to some retirees.

Under the system, separate investment funds were set up within the Public Employees Retirement System. Performance of the funds allowed some retirees to receive large, supplemental retirement dividends.

In some cases, the retirees received enough supplemental pay to maintain 80 percent of the purchasing power they had at the time they retired.

Wilson said it was unfair to require the state to continue paying huge amounts into the PERS system when its benefits were better than most private sector plans. He proposed eliminating the supplemental retirement funds, replacing them with a guaranteed supplemental benefit that would allow retirees to maintain 75 percent of their purchasing power. The Legislature went along with the idea, although the 75 percent guarantee was only temporary. Another provision of the legislation provides a reduced retirement plan to future public employees.

Public employee groups and retir-

ees are suing over the issue.

Wilson also went after the governing board of PERS, asking for legislative approval to reduce the 13-member board to seven members—a majority of which he would appoint. The Legislature refused, but did give him the authority to appoint an outside actuary to monitor investment policies of the board.

One of Wilson's biggest defeats came in his bid to tackle workers' compensation system reform. It was an issue that had haunted the Legislature for years, and the governor came under criticism for bringing it up late in the budget negotiations.

Republicans, with their ears to the business world, complained that the system was unfairly slanted toward workers

and was so expensive that it was driving job-creating businesses out of the state.

Among the more controversial provisions of the state's workers' compensation laws is one related to mental-stress claims. A worker need only prove that 10 percent of his or her stress injury was due to on-the-job pressures and



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the employer is required to pay 100 percent of the claim.

Wilson demanded that the standard be raised to 50 percent but faced stubborn opposition from Democrats. That issue hung up adoption of the budget in the final weeks, with Wilson charging that the Legislature had been "corrupted...by the applicants' attorneys" — the lawyers who represent people filing compensation claims.

The remark angered Democrats and seemed to galvanize their opposition. Eventually Wilson gave up, accepting a mostly meaningless measure prohibiting employees from filing stress claims within the first six months of employment.

Perhaps the most significant reform in the new budget is the beginning of a shift of authority from the state to local governments for a variety of programs.

The plan transfers much of the authority for about \$2.1 billion in state mental health, public health and social service programs to counties. Included in the package was a host of reforms that social service advocates said would make the programs more responsive to clients. In exchange, the Legislature also transferred some permanent revenue sources directly to the counties, including a larger share of the statewide sales tax revenue and the proceeds from increases in vehicle registration fees.

The jury is still out on Wilson's attempt to reshape the state work force.

Wilson sought pay cuts and layoffs of state employees to help balance the budget. He also sought authority from the Legislature to institute a system of mandatory, unpaid furloughs for state workers. Under the plan, an employee would be required to take one or two unpaid days off a month, resulting in a 5 percent or 10 percent pay cut.

State workers protested the idea, and refused to agree to it at the bargaining table, offering instead a voluntary furlough program they claimed would be utilized by a third of the state work force. The Legislature, meanwhile, refused to grant Wilson the authority to unilaterally institute his policy.

Early efforts by Wilson to impose cuts have failed. A Sacramento County Superior Court judge, for instance, recently ruled that state workers were entitled to back wages to make up for Wilson-imposed cuts in their health benefits.

— Steven A. Capps

Revenue increases

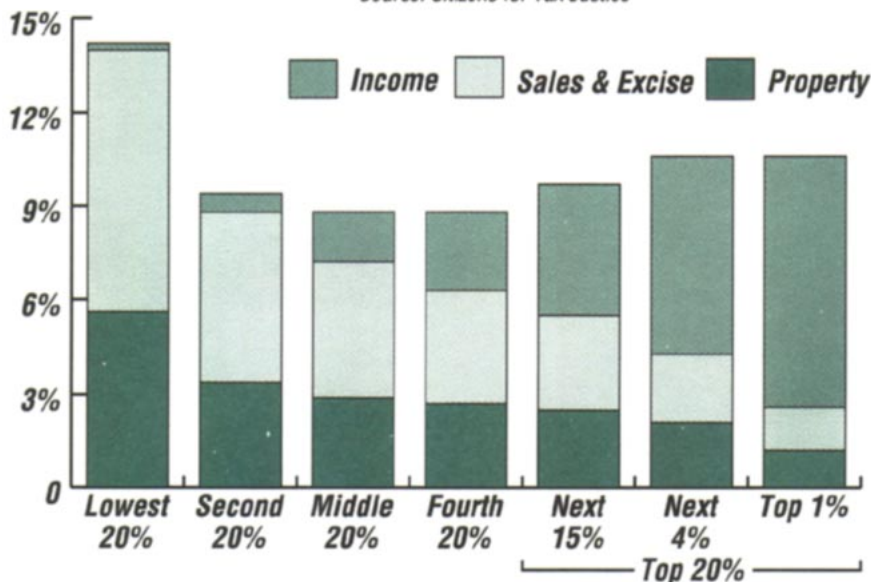
As always, when California found itself in deep financial trouble, it relied on that segment of society that always had rescued it in the past — the middle class.

Governor Pete Wilson and the Legislature agreed to erase half of the un-

charge on those Californians making more than \$100,000 a year, \$200,000 for couples — a tax hike that automatically expires after five years. Included in that compromise was elimination of the renter's income tax credit for anyone making more than \$20,500 a year.

The income tax increase is expected to raise about \$1.2 billion a year. It increases the rate from 9.3 percent to 10 percent for those taxpayers making more than \$100,000 (single) and \$200,000

California Taxes (April 1991)
As Shares of Income for Families of Four
Source: Citizens for Tax Justice



precedented \$14.3 billion projected deficit in the new budget through tax increases. And of the \$7.4 billion in new taxes, about \$5.1 billion came through tax increases that fell mainly on the middle class.

In contrast, the 1991-92 budget provides big business with a big tax break beginning in 1993. As part of a compromise on the issue of raising personal income taxes, the Legislature approved a measure extending the state's net operating loss carry-over tax provisions for business, which allows them to deduct business losses over several years. The law had been scheduled to expire in 1992, but the budget package re-enacts it beginning in 1993. For the next two years, the net loss carry-over is suspended, which raises about \$560 million for the state. But it's more like a loan. Once the provisions are back in place, business will enjoy a \$5.3 billion tax break between 1993 and 2000, according to one analysis.

The budget also includes a sur-

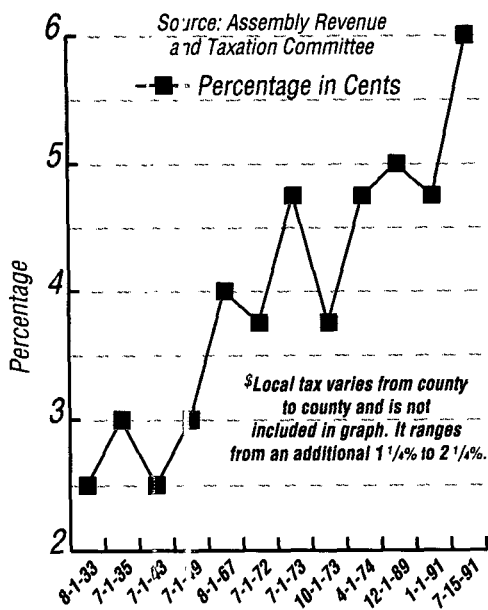
(joint) in adjusted gross income, and from 9.3 percent to 11 percent for those making \$200,000 (single) and \$400,000 (joint). The new tax rate applies to the amount earned over the new thresholds.

The new budget also includes hikes in liquor taxes and vehicle registration fees, but most of the new revenue would be raised through a one-and-one-quarter-cent increase in the sales tax, and through broadening the sales tax to apply to snack food, candy, newspaper and magazine sales, and to fuel for jets and freighters.

The so-called "snack tax" has proven to be the most confusing element of the new tax package. Retailers began charging the tax in mid-July but many have yet to figure out why some items are taxed and others not taxed.

California has determined that Ritz crackers are a snack (and therefore taxable) but saltines not. Unpopped popcorn is food, and therefore non-taxable; but if it's popped, you'll pay. An apple pie is a food and not taxed,

STATE SALES TAX %



but if it's sliced and served in a wrapper, it's subject to the tax.

"The toughest issue facing the Board of Equalization right now is telling the difference between a snack cake and a pastry," said Brad Sherman, chairman of the Board of Equalization, which administers the sales tax. "I'm a certified tax law specialist, a CPA, a graduate of Harvard. And I now realize my qualifications don't help me at all. My constituents should have elected Julia Childs."

This was not the first time California had turned to the sales tax, which was instituted in 1933 when, during the Great Depression, the state needed a dependable source of income to pay for government operations and schools. Twenty-eight other states enacted sales taxes during the Depression years.

In the last 58 years, California has raised the sales tax six times to help it through tough financial times. It was last raised by one-quarter cent for 13 months to help pay for repairs after the devastating Loma Prieta earthquake of October 1989.

The new increase raised the basic sales tax rate from six cents on the dollar to seven and one-quarter cents, with one-half cent of that supposed to be temporary and rescinded when the economy improves.

Wilson said he favored the sales tax because other big tax increases might drive business out of California. Critics, however, said the sales tax was the most regressive approach, hitting middle- and lower-income taxpayers the hardest.

One study by the Citizens for Tax Justice said that while those earning just \$9301-per-year pay about 3.3 percent of their total income in sales taxes, the top 15 percent of wage earners — those making at least \$75,448 per year — pay only 1.9 percent.

In all, the sales tax increase is expected to raise about \$4.1 billion a year, according to estimates.

The new budget also includes increases in the taxes on beer, wine and distilled spirits — another tax that falls heaviest on the middle- and lower-income classes. The increases, proposed by Wilson, are identical to those contained in an initiative rejected by voters last year. They are expected to raise about \$200 million a year. The liquor industry, however, did not fight the increases — and, of course, will pass them on to consumers.

The tax on beer was raised from four cents per gallon to 20 cents; on wine from one cent per gallon to 20 cents; on distilled spirits of 100 proof or less, from \$2 per gallon to \$3.30; and on distilled spirits of over 100 proof from \$4 per gallon to \$6.60.

The increase in vehicle registration fees is expected to raise about \$769 million this year and will affect, to varying degrees, every motor-vehicle owner in the state.

— Steven A. Capps

Education avoids a hit

While not everyone agrees that education emerged with barely a bruise from the budget battle, no one disputes the ending could have been much worse.

"Considering they had this huge problem, we did as well as we were going to do," said state Superintendent of Public Instruction Bill Honig. "There's no question though that schools are still hurt. Everyone's hurt. The question is, could you have gotten more money? I don't think it was going to happen."

Amy Albright, a spokeswoman for Republican Governor Pete Wilson, agreed. "If you consider the deficit was one-third of the budget, the fact education increased its budget ... I think shows the governor's budget was very good to education."

"They're getting \$400 million over [the] Proposition 98 [guarantee]. This doesn't mean schools won't hurt, but it could have been worse."

Kindergarten through grade 12 schools (K-12) and community colleges will receive \$17 billion, after deducting the \$1.2 billion that will be used to pay back the money it turns out schools were overpaid last budget year once actual

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year once actual general fund revenues were tallied.

But early in the budget process, it did not appear education would fare so well. Faced with an enormous deficit, Wilson not surprisingly turned to the biggest single budget area: the schools. Wilson demanded Proposition 98, the school funding guarantee voters approved in 1988, be suspended to allow a \$2 billion cut in the education budget. If Proposition 98 was not suspended,

budget year closed, state officials found they could reduce the money schools would get in the 1990-91 budget year by \$1.2 billion. That money could then be transferred, on paper, into the new school year, allowing the state to preserve the \$18.4 billion budget for the 1991-92 fiscal year required by Proposition 98's terms.

Some teacher organizations were unhappy with the agreement reached, contending education was still inad-

"I think everyone felt pushed by the rather extraordinary circumstances," added Bergen. "I don't like all the decisions they've made by any stretch of the imagination, but we do have to give people credit to people for doing tax increases and not resorting only to cuts."

Honig said the K-12 budget will rise just 3.5 percent, enough to cover enrollment growth and increase funding by a half-percent per student.

School officials complain that despite the cover Proposition 98 affords them, California still has the second largest class size in the nation and an estimated 7000 additional teachers per year will be needed to handle student enrollment. California spends only \$3840 annually per student compared to \$7151 in New York and \$6564 in New Jersey.

Bergen said educators are looking at lining up more local funding support. The Legislature and Governor Pete Wilson agreed to allow local school bond measures for capital improvement projects to be approved on a majority vote instead of the tough two-thirds approval currently required. Voters must approve the change in June.

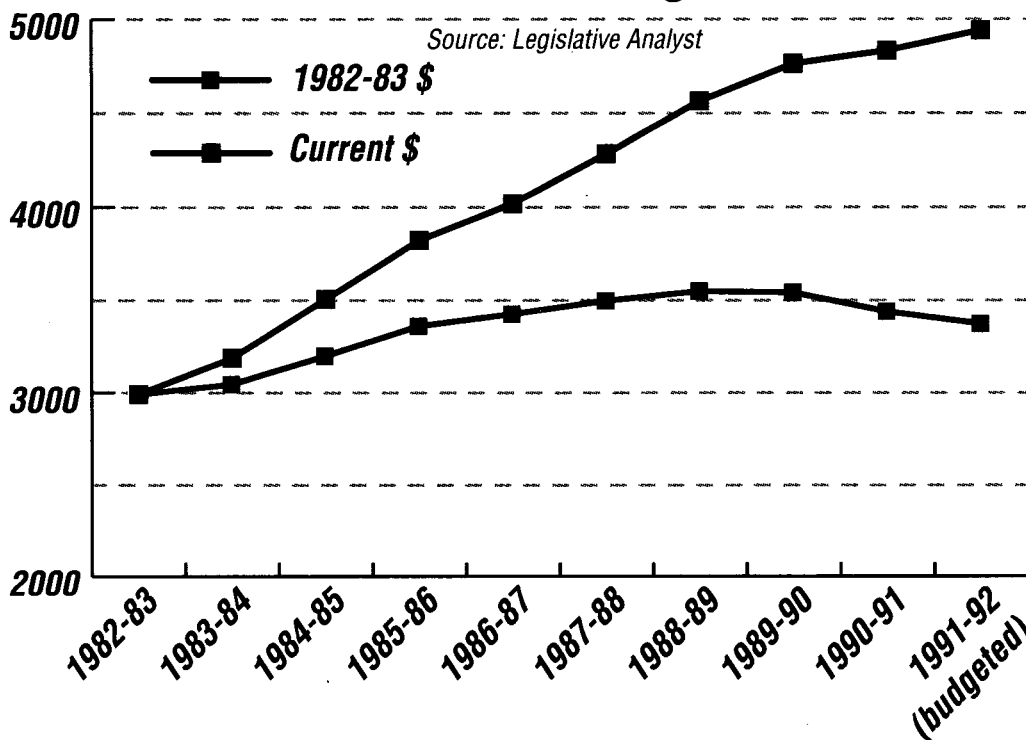
Wilson also financed several new preventive programs designed to give children a better chance to avoid troubles in the future. Chief among them is the \$45 million in Proposition 98 funds to expand the number of children served in the state preschool program.

School districts also will save money under a change in state law allowing them to reduce contributions to employee retirement funds by allowing the use of "surplus" public pension funds that are realized when earning on investments are greater than projected.

"In the end, it was a fair compromise," said Honig. "The Legislature and governor deserve credit for it."

Kathleen Z. McKenna is a Capitol reporter for the Oakland Tribune.

K-12 Education Funding (Per Student)



Wilson warned, cuts in health and welfare programs would be even deeper than already envisioned.

The powerful, well-heeled California Teachers Association launched a million-dollar TV ad campaign to counteract the governor's plan. The Democratic legislative leadership also defended Proposition 98.

But as revenues in the last budget year plummeted below original projections, legislators and the governor were able to come up with a way of avoiding formal suspension of Proposition 98.

Under the so-called "Test 3" provision of Proposition 98, education's 40 percent share of general-fund monies would automatically drop in proportion to the revenues shortfall. As the last

equately financed and that Proposition 98 was intended to be a minimum level of funding, not the maximum.

"To say Proposition 98 was preserved does not mean schools were adequately funded," said Mary Bergen, president of the 75,000-member California Federation of Teachers. "It was a paper preservation of Proposition 98. It was manipulated. ... Practically in every district you're going to see fewer teachers. Not just from layoffs, but also from teachers leaving voluntarily who won't be replaced."

Bergen noted that some districts will actually lay off teachers, including San Francisco where 226 will lose their jobs. In Los Angeles, new figures gave rise to fears that 700 teacher slots will be gone.

Welfare COLAs take a hit

In no other area of the budget did cuts hit as hard as in health and welfare programs that most always play the role of slighted s eptister to prisons and education.

"It's sort of more of the same — having the poor bear the burden of balancing the budget," said Ethel Long Scott of the Oakland-based Women's Economic Agenda Project. "With the welfare cuts and sales tax increases, low-income and working people are really going to get a double whammy."

Long the target of conservative Republicans, the state's welfare programs have managed to survive in slim years thanks in large part to existing state law, which says they must be increased to match the cost of living to the point where California now has the second-highest welfare support level of any state except Alaska. But the magnitude of this year's problems allowed Governor Pete Wilson to secure a five-year suspension of automatic increases in the Aid to Families with Dependent Children grant program — the state's basic welfare program that serves mostly single women and their children — as well as an actual cut in monthly grants of 4.4 percent. The average monthly grant for a mother and two children will drop by \$31 to \$663, although this will be recouped in part by larger food-stamp payments and the ability of welfare recipients to make more money before they must give up some of their welfare payments.

"There's a conservative image of welfare mothers not working, living off the dole. It's very hard to counteract. ... Most of these families are budgeted right down to the line," said Kay Knepprath of the California Homeless and Housing Coalition. "It's a question now of are they going to be able to pay the rent, not whether they can buy a six-pack, as the governor said."

Lawmakers also cut funding for the AFDC Homeless Assistance Program, allocating just \$24 million. The program routinely assists about 9000 AFDC families each month.

"The cut in the Homeless Assistance Program will affect people getting out of homelessness. The cut in AFDC will cause more homelessness," said Knepprath.

A homeless family used to be able to get a maximum of four weeks housing assistance. Starting August 1st, only up to 16 days assistance is available. The aid is also now available once every two years, not every year. Welfare advocates are hoping to convince lawmakers to allow housing costs to be factored into AFDC grants so urban dwellers could receive more assistance.

Kassy Perry, a spokeswoman for the state Health and Welfare Agency, said the governor's budget redefines welfare to emphasize economic independence instead of a system that perpetuates welfare dependency.

"Considering the fiscal constraints we were dealing with, this governor clearly showed his commitment to health and welfare programs," said Perry. "He has augmented the budget for services that benefit women and children, including prenatal care, by over \$200 million."

Since 1985-86, the number of welfare families in California has grown twice as fast as the general population. More than 2.2 million individuals are expected to rely on AFDC grants this year at a cost of \$5.6 billion. The Western Center on Law and Poverty said the average AFDC family is on welfare for two-and-a-half years.

Advocates for the poor were also upset over a cap placed on the minimum

amount counties have to provide in general assistance welfare payments; these are welfare payments to those who don't qualify for the state's AFDC program.

Counties sought a cap on what they must pay in general assistance grants after a state appeals court ruled in February that Alameda County's general assistance welfare payments of \$340 a month failed to take into account the actual needs of the county's poor. Alameda County was ordered to survey the needs of the poor and the true costs of paying for food, shelter and clothing so that an appropriate grant level could be established.

Counties across the state were alarmed, fearing they would be forced into a similar situation that would cost them millions of dollars.

Before Wilson's reforms, if an AFDC recipient with three children took a job paying \$1200 a month (\$14,000 per year) his or her total income would drop by \$150.

Perry said only 5 percent of AFDC recipients work and 9 percent have some outside income.

Now, unemployed recipients or those with little earned income can make up the reduction through working without having the additional income deducted from their grants.

The budget also revamped the state's Medi-Cal health care program. A

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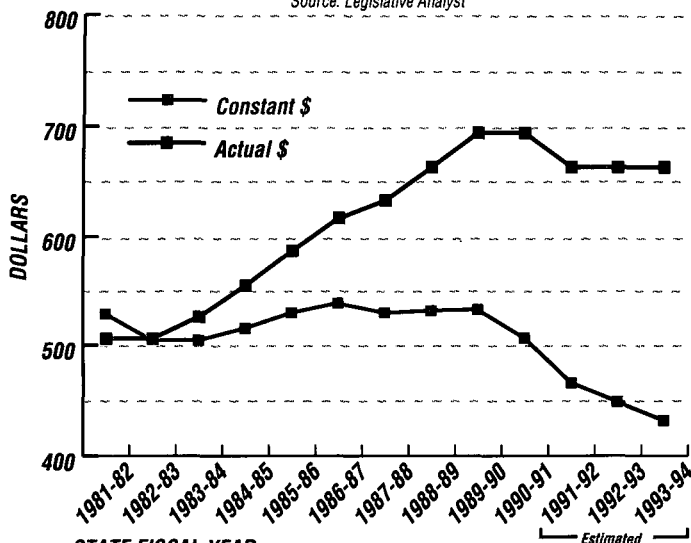


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Welfare Grants to a Family of 3

Source: Legislative Analyst



STATE FISCAL YEAR

fee-for-service program was dropped in favor of a capitated system of managed care, similar to the prepaid health plans or health maintenance organizations used by many private businesses, where a flat monthly fee is paid for each person covered. Medi-Cal recipients now select a primary care provider who coordinates their medical needs with

an emphasis on preventive care. are happy with the realignment, saying it will allow them greater flexibility over how to run the programs and the ability to set priorities based on local needs.

"It will be better for the people we serve," said Monterey County Supervisor Barbara Shipnuck, co-chair of the County Supervisors Association of California budget task force.

Another \$2.2 billion in public health, mental health and social services program was transferred to the counties that had been operating most of the programs while Sacramento administered them. While the state saves money, the counties will receive new, stable funding sources for the programs through an increase in the sales tax and dedication of vehicle license fees. Generally, county officials

Although such "dedicated" sources of money have proved ephemeral in the past, this time a constitutional amendment will be placed on the 1992 ballot to ask voters to assure the funding sources will be permanently dedicated to the counties for the realignment programs.

Even while most programs were being cut back, Wilson managed to secure a shift toward some of the preventive programs he touted in his first State of the State address. Although these programs will cost more now, Wilson believes they will save money for the state in the long run.

For example, the health and welfare budget includes a \$37 million increase in funding for alcohol and drug rehabilitation programs and some \$25 million of that increase is designed for treating substance-abusing pregnant women and their children. Perry said that for every dollar spent on prenatal care, \$3 is saved in neonatal intensive care.

The governor also targeted \$15 million for prevention of teenage pregnancy. 🏛️

— Kathleen Z. McKenna

California's Budget Dance

Issues & Process



By Richard Krolak

From California Journal !

California's Budget Dance: Issues and Process

By Richard Krolak

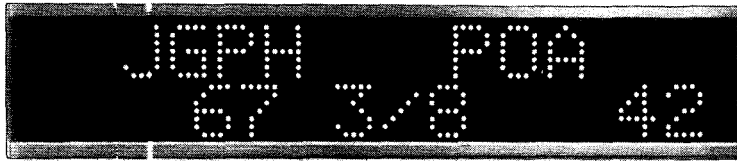
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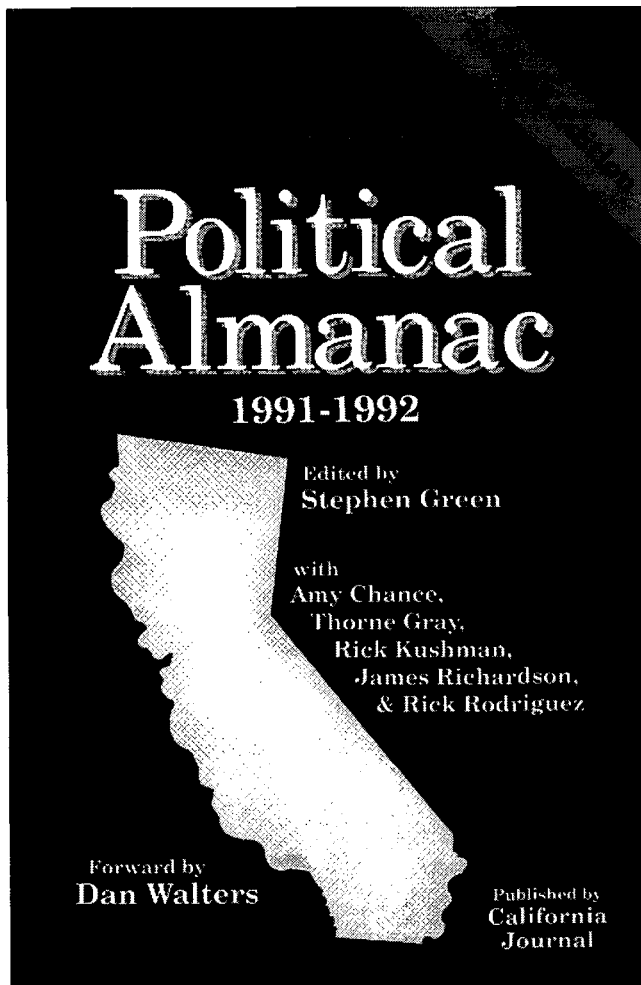
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It's unfortunate for Art Agnos that he couldn't have called early elections and added the mayor's race to the ballot the month after the October 1989 earthquake. It was then that the 52-year-old San Francisco mayor scored his highest approval rating, since sweeping into office two years before with 70 percent of the vote.

In the aftermath of the quake, which left much of the city blacked-out and without running water or telephones, Agnos was tireless: touring the fire-torn Marina district; going toe-to-toe with Vice President Dan Quayle; pressuring the American Red Cross Society into keeping \$55 million in donations in Northern California; lending a voice of calm reassurance to frightened San Franciscans; and even appearing on the "Larry King Show" to tell potential tourists that, despite what they'd seen on television, the city did not lie in ruins. He was, quite simply, a heroic figure, the kind of can-do politician that San Franciscans love — and expect.

But things have changed in San Francisco, and yesterday's hero is now in a fight for his political life. Opinion polls show his public approval rating has sunk below the previously unthinkable 30 percent level, and a loud and vocal "ABA" (Anybody but Agnos) movement has put the mayor on the defensive.

Bolstered by the city's discontent with Agnos, the mayor's opponents are blasting away, portraying him as a vindictive, fiscally irresponsible politician both insular and out-of-touch with a city plagued by successive budget deficits, AIDS, dirty streets, homelessness, crime and poor transportation.

The fallout has brought on four major challengers and a host of lesser candidates, all trying to oust Agnos in the city's November 5th mayoral election. Although candidates have "squeezed" Agnos — positioning themselves on his left and right — some say the mayor's biggest enemy is himself.

"Agnos surrounds himself with people who say 'yes,' which is to the detriment of the whole city," said James Fang of the San Francisco Bay Area Rapid Transit Board, who echoed the complaints of disenchanted neighborhood and homeless activists, gays, mi-



San Francisco mayoral race

Open season on Art Agnos

By Timothy Williams

Timothy Williams is a writer with California News Service, a project of the University of California, Berkeley Graduate School of Journalism.

norities and small-business owners.

State Senator Quentin Kopp, an independent from San Francisco and a long-time political rival of Agnos who abandoned plans for his own run at the mayor's office earlier this year, added that the mayor's "notorious" short temper has made matters worse.

"Most politicians can be mean, but Agnos is extraordinary," Kopp said. "He's a control freak. His venom is unending."

As if to prove those charges, Agnos' foes got plenty of ammunition in his handling of the dismissal of city Human



Hongisto

Rights Commissioner Adrian Bermudez earlier this spring. Bermudez, long active in city politics for gay and Latino causes, was let go due to what Agnos called a lack of "loyalty" to the officially non-partisan commission. But Bermudez, who is backing San Francisco County Assessor Richard Hongisto in the mayoral race, claims it was his lack of loyalty to Agnos himself that was the real cause of the firing.

"Earlier ... he extended my appointment for four [more] years," said Bermudez, who now spends most of his time at home but remains active in city politics. "He even sent a note with golden lettering and a picture of us posing together, thanking me for my work on the commission. Then the day after I officially endorsed Hongisto, I got a letter saying I was fired."

Bermudez also has complained that the mayor packs the city's "nominally apolitical" commissions with people he can manipulate. "The original idea was that he was the people's candidate,"

Bermudez said. "But he is obsessed with people he can control. He's an egomaniac. He can be real dangerous to himself and the whole democratic structure in San Francisco."

Agnos won't talk about the Bermudez affair, but some of the mayor's supporters and other members of the commission paint a different picture of what happened. Commission President Mary Jaber called Bermudez "disruptive," while Executive Director Ed Lee complained of his "ranting and raving." Both denied Bermudez's charge that Agnos "packed" the commission, as did Supervisor Angela Alioto, who early last month herself entered the race to oust Agnos.

In an interview before deciding to run, Alioto was effusive in her support for the mayor. "He's done an excellent job, and is doing a better job every day. He has managed money well despite the terrible shape county governments are in because of dwindling revenue sources and more programs they are required to operate."

Supervisor Jim Gonzalez, chair of the supervisors' finance committee, concurred: "We don't agree on everything, but he's been a good manager. With the drought, the recession and the earthquake, he's had to act as an executive under crisis."

Despite such testimonials, Agnos' trouble is one of slow and steady desertion of groups key to any San Francisco re-election bid. The coalition of progressives that served as the base of his upset first-term victory — gays and lesbians, African-Americans, neighborhood activists, small businesses, union members — has been unraveling for months.

Perhaps worse for Agnos, Hongisto — and now Alioto — are running as progressive candidates. And the two other major contenders, former Police Chief Frank Jordan and Supervisor Tom Hsieh (pronounced "shay"), are courting voters on the center and right of the political spectrum.

Other candidates — ranging from Chicana activist Gloria LaRiva on the left, businessman Cesar Ascarrunz in the center and professional prize fighter Pat Lawlor on the right — leave Agnos in danger of seeing his political base reduced to a small percentage of liberal and moderate voters.

Eric Jaye, until recently a political consultant for Hongisto, said the voting split more than makes up for Agnos'

power of incumbency. "This is a highly ideological, polarized community with not much ground in between."



Alioto

Agnos is going to be squeezed from both the left and right, and the progressive community wants a new mayor."

In a race where each candidate has at least one glaring weakness, a December 3rd run off seems a foregone conclusion. Three months before the election, none of the challengers has particularly distinguished himself or herself. Instead, they have strayed into campaigns of little more than Agnos-bashing, while offering few plans of their own. But to win over San Francisco's politically savvy voters, each challenger must focus on ideas and confront his or her own shortcomings.

For his part, Jordan, a 33-year veteran of the San Francisco Police Department, will sell himself as a political outsider not bound by the demands of special-interest groups or their money. He said he had been "walking the streets 10 to 14 hours a day" to organize an effective grassroots campaign, but if he is to become a serious alternative to Agnos, he must give satisfactory answers regarding his role in several police brutality cases that rocked the last few years of his administration.

Hsieh, 59, a native of mainland China, is the first mayoral candidate of Asian descent to seek big city office in California. He says his task is to enlist the city's Asian population, traditionally apathetic to politics, and to build a coalition of disenchanted minority voters while proving he is as "socially compassion-

ate" as he is "fiscally conservative" in this overwhelmingly liberal city. Although he hopes to register up to 50,000 people who normally wouldn't vote, he lacks the name recognition of the other candidates. To offset that disadvantage, he has already aired several campaign commercials and hired Jesse Jackson's former campaign manager, Jerry Austin.

Hongisto, 54, a former police officer, county sheriff and supervisor, must gain the trust of the city's progressives as well as a large share of tenants — many of whom say his abstentions on rent issues while a supervisor effectively blocked early efforts for vacancy rent control. A political progressive similar to Agnos, Hongisto must focus on issues where his philosophy presents a sharp contrast to the mayor's. The \$300,000 debt he accumulated during last fall's assessor campaign will hamper his fund-raising ability this time around. He has captured the endorsements of the city's largest gay and lesbian political clubs, however. But as former Supervisor John Molinari (the victim of Agnos' 1987 groundswell) learned, big endorsements do not necessarily translate into votes.

Perhaps the biggest blow to Agnos came when Alioto entered the race. Until August, she was an Agnos supporter. But she was apparently lured into the race by the conclusion that the mayor could not be re-elected. At 40, Alioto is the daughter of former San Francisco Mayor Joe Alioto who also can lay claim to many of the constituents — women, minorities, unions and enough of the gay and moderate voters — who have supported Agnos in the past.

The key to this year's election is control of the city's diverse and distinct neighborhoods — hotbeds of anti-development progressivism.

Like the rest of the state, San Francisco saw a significant increase in the number of its Hispanic and Asian residents over the last decade. Out of a population of 723,959, whites now constitute 47 percent of the population, Asians, 28 percent; Hispanics, 14 percent; and African-Americans, 11 percent.

Despite this diversity, the city's neighborhoods have come together and flexed their collective political muscle by defeating a succession of development initiatives since the mid-1980s.

Though it was in the neighborhoods where Agnos' 1987 grassroots campaign struck a chord and led to his

surprise victory over Molinari, this time around a June poll shows the neighborhoods are reconsidering their position. Conducted on behalf of Hsieh's campaign, the poll of 602 voters showed Agnos in the lead with 29 percent of the vote. But results showing Jordan with 20 percent, Hongisto with 14 percent and Hsieh with 10 percent convinced each of those candidates that they were well within striking distance given that more than 20 percent of the voters

were undecided.

"Many people are disappointed," said Evelyn Wilson, president of the Coalition of San Francisco Neighborhoods, an organization of more than 50 neighborhood groups suddenly nostalgic for the administrations of George Moscone and Dianne Feinstein. "We do not feel the mayor and the city commissions are giving people a fair shake. He has not given the neighborhoods much attention and has not

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been accessible in general."

But Agnos, discussing the campaign during a recent interview, is unfazed. "We've done a lot in the neighborhoods," he said. Never breaking eye contact, he is precise, assured, forceful as he ticks off a list of neighborhood accomplishments: expanding child-care facilities, new playgrounds, increasing AIDS spending, additional affordable housing units, drug-education programs, formation of the Mayor's Gang Task Force, towing abandoned vehicles, police patrols in public-housing units.

"The polls aren't something I'm worried about," he said.

But for all his outward confidence, the strain of serving as chief executive of one of the country's most politically contentious cities has taken a toll. His smile is forced and uneasy. He never seems quite relaxed. There is no sign of his storied temper, but it is clear he is adept at taking control of situations — much as he handled the 1989 earthquake.

In the 24-page pamphlet "Things to be Proud of ...," a slick, four-color follow-up to his successful book of ideas called "Getting Things Done" (released in the heat of the 1987 campaign), Agnos admits his job has not been all sweetness and light: "Being mayor has been a great experience. Tough yet satisfying. Frustrating yet challenging. Difficult yet fun. I'd like to serve another term — to build on what I've learned."

Agnos, the son of Greek immigrant parents, began his political career in 1968 as an assistant to San Francisco Democrat Leo McCarthy, who was then an assemblyman and is now lieutenant governor.

After serving as then-Assembly Speaker McCarthy's chief of staff in the mid-1970s, Agnos was elected to the Assembly in 1976.

During his six terms he became known for progressive legislation. He authored the state's GAIN welfare entitlement program and key AIDS legislation, in addition to sitting on the Ways and Means Committee and chairing its health and welfare subcommittee.

San Francisco's feisty neighborhoods are not the mayor's only problem. On the opposite side of the political spectrum, in the city's business community, "ABA" sentiments are even more intense. Jim Lazarus, vice president of the city's Chamber of Commerce, which has

over 2300 members, said Agnos and the Board of Supervisors have left the business community high and dry to placate "the city's far left wing."

"The leadership of San Francisco has assumed that the goose will con-

"He's (Agnos) done an excellent job, and is doing a better job every day,"

— Angela Alioto, prior to her decision to run against Agnos.

tinue to lay the golden eggs," he said. "In the 1970s, San Francisco produced 80,000 new jobs, and in the 1980s there were 12,000 to 14,000. But in the last few years there has been little or no job growth. Political actions that actually have no practical effect turn away businesses or make it difficult to sustain."

Lazarus said the business community is particularly displeased with the city's grape boycott, which he said cost San Francisco \$40 million in business and agricultural industry conventions, and the more highly publicized sanctuary resolution for conscientious objectors to the Gulf War.

Lazarus was so incensed by the resolution, he took out ads in local and national newspapers accusing City Hall of being "out of sync" with the majority of San Franciscans. "The [board's sanctuary] action was not an action of the people of San Francisco," said Lazarus. "We wanted to correct a misconception."

Although the mayor signed the first sanctuary resolution, he vetoed a similar measure that sought to reaffirm the city's position after the war was over. In a letter to the board explaining his veto, Agnos wrote: "While I share and strongly support many of the sentiments expressed in the body of the current resolution, I disagree with its conclusion, which suggests the need to continue the sanctuary status for a

war that has ended."

But instead of healing a split, Agnos' move brought outcries from the city's progressives and left him caught between the opposing sides on an unwinnable issue — an all-too familiar predicament for the mayor during the last three years.

Though Agnos built his first coalition without the business community, as mayor he has realized that he needs the support of business leaders to implement vital city programs. When business balked at extending a self-imposed tax to underwrite homeless programs, Agnos had to revise his homeless master plan. Since then he has worked more closely with the business community, even embarking on a high-profile trip to "sell the city" to conventioners in Washington, D.C., and Chicago.

Lazarus conceded that business has a responsibility to help the city at a time when state and federal assistance is shrinking, but he argued that higher business taxes are a short-sighted approach.

"This is a city with lots of seniors, AIDS victims and immigrants, so you need business taxes to pay for social services," he said. "But the city has to realize that high [business] rents, tax rates, salary costs, and traffic and transportation costs put it at a competitive disadvantage. We're not competing with Hong Kong, we're competing with Walnut Creek."

Sensitive to that argument, Agnos resisted plans from progressives to raise business taxes or implement a "commuter tax" on people working in the city to help offset a \$135.6 million budget deficit. Instead, Agnos' \$2.4 billion budget proposed freezing city employee salaries, eliminating 328 positions, increasing fees and decreasing services, and raising the price of Muni's discount "fast pass." Agnos defended the fiscal proposal as designed to maintain current services, especially those that are needed by the weakest and most vulnerable San Franciscans.

Although most large American cities are grappling with budget crises, the mayoral candidates place the blame for San Francisco's budget woes on Agnos' "fiscal mismanagement" and "lack of leadership".

Hsieh, calling the deficit "100 percent caused by the mayor," blamed Agnos for not instituting a hiring freeze or early retirement incentives before the current fiscal crisis. A hiring freeze

could have saved the city \$125 million, he said.

For Agnos, the budget crisis was another impossible situation where someone was going to be left unhappy — but his opponents say it was avoidable. Since 1988 the city bureaucracy has swollen by some 1200 workers, including seven “deputy mayors” who before a recent reshuffling were pulling in more than \$97,000 a year each. Though Agnos could get away with blaming past deficits on the Feinstein administration — which left the city deep in the hole — the current woes are Agnos’ alone.

Among its few funding increases, Agnos’ budget proposal allows more spending for the police department and Muni security, \$1.3 million extra for AIDS programs and \$1.9 million extra for homeless services. By increasing funding in those areas in the face of a \$135.6 million deficit and a financial crisis in the city’s schools, Agnos has recognized that crime, transportation, AIDS and affordable housing are among the biggest concerns for San Franciscans.

Last year there were 104 murders in the city, and in an effort to strike a chord with the city’s crime-weary neighborhoods, Jordan has made public safety one of his campaign’s major platforms.

“We are 200 police officers below strength,” said Jordan about the San Francisco Police Department.

Likewise, in recent polls, San Franciscans frustrated with clogged freeways and streets and with graffiti-ridden, unreliable and sometimes unsafe public transit systems have listed transportation problems as their greatest concern. But Agnos’ proposal to raise Muni fares has hurt him with some progressives. Supervisor Harry Britt told the *San Francisco Bay Guardian* the price hike “attacks working class and underclass people who are doing the prudent thing by taking public transportation.”

And a decade after the first report of AIDS, the disease has cut its deadly swath across the city. AIDS has killed some 7300 San Franciscans — fully 1 percent of the population. Another 3 percent are believed to have the human immunodeficiency virus (HIV), which can lead to AIDS.

But the issue that rivals AIDS as a threat to the fabric of the city is the lack of affordable housing. High rents — despite rent control — have forced many of the city’s middle class, working

class and African-Americans out of the city, said Amos Brown, civic activist and pastor of San Francisco’s Third Baptist Church. “It is becoming a city of the affluent, immigrants and elderly poor.”

In what it called an effort to end the gentrification of the city, the Board of Supervisors recently passed a vacancy rent-control measure, which places a 10-14 percent limit on the amount landlords can increase rents once an apartment becomes vacant. But Ralph Payne, director of the San Francisco Apartment



Hsieh

Association, which represents 1100 landlords, called the vacancy control proposal “a bad idea” because it will increase gentrification by reducing the availability of rental property.

Although Agnos said he too fears gentrification and will “campaign hard” for the vacancy control measure on the November ballot, tenant activists accuse him of playing it safe so as not to estrange the real-estate lobby.

In a city where 70 percent of the people are renters, the vote on vacancy rent-control will be a litmus test for the candidates, which has made for a strange only-in-San Francisco situation: Hongisto — seeking the progressive vote — supports the measure, despite owning some \$5 million worth of apartments; on the other hand, Jordan, who is a renter, opposes it.

The “homeless problem” is an issue in which Agnos has been mired since he took office, and one that is a long way from being resolved despite months of research and millions of dollars to expand housing options.

In November 1989, shortly after

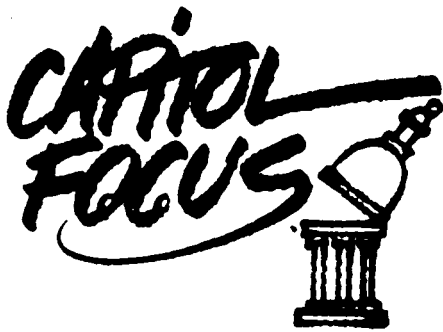
the earthquake, Agnos opened two “multi-service centers” with a total of 425 beds for the city’s homeless population. As the linchpin of his \$40 million “Beyond Shelter” plan, Agnos envisioned the centers taking the place of overcrowded shelters and hotline hotel rooms, many of which were damaged by the earthquake. But the city has between 6000 and 8000 homeless people with shelter facilities for only about 4000 people. The city is also lacking in second-tier programs, such as mental-health facilities, drug and alcohol treatment programs, job training services and affordable housing.

Many advocates are angry about the mayor’s homeless policies, which included last July’s arrests at the so-called “Camp Agnos” homeless encampment (literally on the mayor’s front yard at the city’s Civic Center), the enforcement of a law against “aggressive panhandling” and a plan for tourists to hand out non-redeemable coupons to panhandlers reading: “I acknowledge you as an individual who is in need; however, I am contributing to agencies listed on the back.”

While Agnos’ “can do” attitude has worked well with other types of problems, with homelessness it has made him a political lightning rod for both those who want him to “clean up” homeless encampments by force and those who urge a kinder approach.

And his opponents are having a field day. Jaye, Hongisto’s former consultant, called the coupon plan “a Hallmark approach to homelessness.” Jordan described the North of Market service center as a “flop house.” And Hsieh was even more blunt, labeling Agnos’ plans “a charade that shows why the city has never had a worse mayor.”

For all his flaws, Agnos holds the trump card in the November election. While his opponents sling arrows, the mayor has been quietly doing the business of the city and raising lots of money; his campaign war chest is expected to be close to \$2 million by fall. Additionally, the staff that engineered Agnos’ 1987 win is back, and Agnos still can call on the support of a host of famous political supporters, including Congresswoman Nancy Pelosi, Lieutenant Governor McCarthy, Assembly Speaker Willie Brown and Assemblyman John Burton. The odds remain good that Agnos will be one of the two survivors in the December 3rd runoff. 🏠



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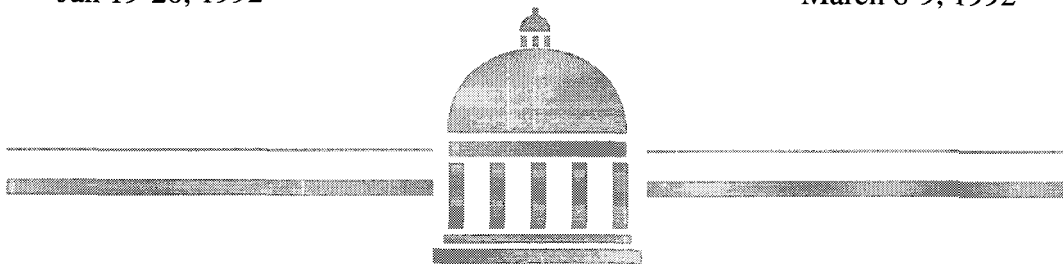
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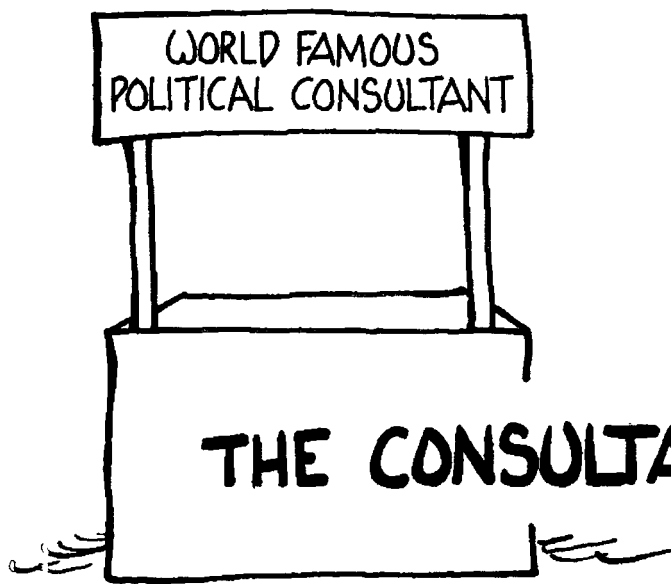
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By Ann Bancroft

Finding the people to help you get elected, stay elected or win votes with elected officials was once a fairly straightforward proposition: Hire a campaign firm in the first case, a public-relations firm in the second, and a lobbyist in the third.

Today, the process is far more complex, as hundreds of firms hoping to cash in on California's lucrative political market have hung out the "political consultant shingle." The lines between campaigning, political strategizing and lobbying have blurred as the market grows and competition runs fierce.

Public-relations firms, once specializing in corporate image-making, are increasingly turning toward political public relations, building corporate coalitions to back initiatives and win favorable regulations from state agencies and the Legislature. Politically connected campaign firms are wooing corporate clients for the "off season" between campaigns, and helping those clients win media attention when ballot initiatives threaten their interests.

"There's been a growing realization, partly as an offshoot of initiatives, that you just can't sell your issue to the Legislature, you have to generate public acceptance for it," said Jeff Rairundo, a partner in Townsend and Company — a Sacramento corporate and political public relations firm. "It's important in more and more situations for the Legislature to feel they have public support for their positions. What used to be done in back rooms is now done by public consensus building."

One Sacramento public-relations firm, saying the line is so fine between political public relations and lobbying as to risk running afoul of the FPPC, simply registers as a lobbyist for all of its corporate clients. "Face it, the only reason people hire us is to win influence with the Legislature, so even though we are a public relations firm, we register for all our clients," says Dennis Revell, a former GOP legislative caucus consultant whose Revell Communications Company has handled a variety of slick "legislative media" campaigns and lobbying for corporate interests.

As campaign seasons grow longer and money grows



TWOEEN
(WITH APOLOGIES
TO SCHULZ)

Ann Bancroft is a freelance writer from Sacramento. Some of the information was taken from the Political Resources Directory, National 1991 Edition.

tighter, many elected officials are relying on year-round image makers — sometimes their campaign consultants, sometimes political public relations firms — seeking the “defining issue” that will make their name public currency and keep it that way at election time.

Today, even candidates for the lowliest irrigation district boards hire political consultants — if they don’t, they’ll find their competition has. Politicians in office are likely to have more than one *eminence grise* — one to handle the media, one to crunch numbers and run polls at election time, one to plot strategy and another to create targeted direct-mail pieces.

At the same time, corporations doing business in California are finding they need both lobbyists and public opinion makers to deal with complex regulations and initiatives, and win the attention of key bureaucrats. Increasingly, they are turning to firms with political connections as well as advertising expertise.

Say, for example, a company that makes plastic six-pack holders is concerned about a bill that would ban their product in favor of cardboard packaging. Passage of such a bill in California might well presage a nationwide movement, of concern to the plastics industry in and out of state. In this hypothetical case, four lawmakers appear undecided on the issue — their “no” votes would kill the bill, perhaps moving the issue to the initiative arena. In addition to putting its lobbyist to work, the company might hire a political public-relations firm to work the media and put public pressure to bear on the four wavering lawmakers. The firm might churn out press packets extolling the company’s plastic recycling efforts, and counting the loss to forests if six-packs were bundled in cardboard. Plastics workers would be organized to write letters to the lawmakers, editorial boards in the lawmakers’ districts would be barraged with the corporation’s arguments, and press conferences might be held. In some cases, polling of the lawmakers’ districts might be done, aiming to show that constituents favor the plastic six-pack rings. Meanwhile, the makers of cardboard packaging might be hiring their own “political consultants” to present the opposite view and lobby the same lawmakers. The lawmakers’ own political consultants would be hard at work developing strategies on which position — plastic or cardboard — might present their clients in the best light to voters at the next election, or to the leaders of the lawmakers’ legislative caucuses. Should the bill be defeated, and environmentalists and the cardboard packaging industry mobilize to put the issue to an initiative, the polls, press releases, campaigning and strategizing over the issue would add signature gathering firms to the growing list of political consultant firms already in business over the issue.

It is just such scenarios that have spawned a huge political consulting industry in California, one that includes one-person campaign/consulting firms and national advertising concerns with politically connected branches in Sacramento.

“Political consultants, to a degree, view California as the equivalent of the old Disneyland ‘E’ Ticket,” says Kam Kuwata, who started his own consulting firm after serving as press secretary for U.S. Senator Alan Cranston. Because statewide races and media buys are so much more expensive here than elsewhere in the country, so is the cut political consultants make with each campaign.

When Republican political and campaign consultant Ray McNally left his job with Assembly Republicans to start

his own firm in 1984, he recalls, “It was seat-of-the-pants, a lot of fun, working all night and learning by doing.” Today McNally oversees a staff of 14 and a booming direct-mail operation, which he runs out of two floors of a converted Victorian 10 blocks from the Capitol. As an occasional college lecturer on political consulting, McNally is amazed to find himself an “old-timer” in what has “actually become a profession — a career option.”

The “Clint Reilly phenomenon,” as consultants refer to the 1988 insurance initiative wars that made consultant Reilly and other well-placed political operatives instant multimillionaires, has lured even more political entrepreneurs to set up shop. Should the Legislature pass an early presidential primary bill, California political consultants can expect a big payoff from national candidates seeking their services in the most populous state.

Still, the bread and butter of political campaigns and consulting is still to be made on local elections and corporate political public relations.

So if you need a political consultant, who ya gonna call?

Here’s an alphabetical list of established and up-and-coming firms in the political consulting business, representing the gamut from full-service campaign operations to partisan polling and strategizing, to corporate political relations.

- Advanced Voter Communications, Newport Beach: Bill Butcher and Stu Molrich discovered back in 1978 that there was a fortune to be made qualifying initiatives for the ballot. Butcher and Arnold Forde have been called the “Darth Vaders” of the direct-mail business thanks to the nature of their hit pieces. The three of them are principals in Advanced Voter Communications which devotes itself to full-scale campaign management, including qualifying and “slate mailers.”

- American Data Management, Mountain View: Small but powerful firm owned by Doug Winslow holds critical voter-registration data bases, which it provides to Democratic candidates for local offices on up to U.S. Senate.

Custodian of the state Democratic Party voter-registration files (for voters of both parties), the firm also does direct-mail packages and offset printing.

- Bagatelos & Fadem, San Francisco: A political law firm that gained fame when partner Barry Fadem wrote the state’s lottery initiative. Peter Bagatelos, a Republican, and Fadem, a Democrat, represent candidates of both parties but specialize in drafting initiatives and referendums.



Barad

- Jill Barad & Associates, Sherman Oaks: A small Democratic full-service campaign firm that does slate mailings, general consulting and strategy, and tough direct-mail campaign pieces. Barad, like a lot of women in the business, started as a volunteer. She also organizes political fund-raising events. Represents Assembly members Jerry Eaves and Jackie Speier.

- Berman & D’Agostino Campaigns, Beverly Hills: Democratic “BAD” boys Michael Berman and Carl D’Agostino have the best direct-mail operation in the state, if not the

world, and a steady clientele with West Los Angeles' so-called Berman-Waxman political machine. Most recently, they sent Barbara Friedman to the Assembly to replace Mike Roos, proving, LA politicians remarked, they can win one east of Fairfax Avenue. The firm also picked up the lucrative contract to draw district lines for the California congressional Democratic caucus in this year's reapportionment battle.

- **Braun Ketchum Public Relations, Los Angeles, Sacramento** — Longtime Republican government hand Tony Quinn runs the Sacramento branch of this business public-relations firm, which also has an office in Washington, D.C. It runs non-partisan statewide and local ballot measure campaigns only, but handles political public relations for heavy corporate clients, including the Association of California Life Insurance Companies.

- **Campaign Performance Group, San Francisco, Washington, D.C.** A California firm that's gone national to do direct-mail "persuasion" pieces for congressional Democrats. Clients include California Democratic Congressmen Calvin Dooley of Visalia and George Brown of Riverside, and San Francisco mayoral candidate Tom Hsieh.

- **Cerrell Associates** — Democratic political consulting guru Joe Cerrell, who ran the state Democratic Party at age 22, pioneered judicial campaigning in Los Angeles. After running state and local campaigns for 22 years, he acquired a corporate clientele ranging from ARCO and Philip Morris to 7-Up. The firm set up shop in Sacramento last spring.

- **Crow & Associates, Glendale:** Owner Kathleen Crow is a fund-raiser for conservative GOP candidates, including Attorney General Dan Lungren and U. S. Senate candidate Bruce Herschenson as well as for other state and local races.

- **Derish & Associates, San Francisco:** Seth Derish is a private eye who occasionally does "opposition research work" for Democratic candidates. He stays out of local Bay Area races, but in Southern California and around the country will use his expertise in asset and background checks to discover conflicts of interest or other skeletons in a candidate's closet. He draws the line at what he calls "Kennedy stuff" — revelations of personal habits — but is a political resource clients might want to keep quiet.

- **Dolphin Group, Los Angeles:** Led by Lee Stitzenberger, Carl Haglund and Fred Karger, Dolphin Group primarily serves Republicans and numbers among its past clients George Deukmejian, Gerald Ford and Reagan-Bush. It has devised and executed campaigns for president, U.S. Senate, the House of Representatives and various governorships, and it specializes in campaign management, public relations and marketing.

- **Dresner-Sykes-Jordan-Townsend, San Diego, New York:** Dick Dresner, pollster and strategist for Governor Pete Wilson, runs a top GOP polling and campaign strategy firm. Candidates include Congressmen Robert Lagomarsino and Bill Lowery, congressional candidate Tom Heuning and Assemblyman Trice Harvey.

- **Hopcraft Communications Corporation, Sacramento:** Former press secretary to Lieutenant Governor Leo McCarthy and for

Michael Dukakis' 1988 presidential campaign in California, Stephen Hopcraft has run his own low-overhead public-affairs and campaign-consulting firm since 1989. He specializes in non-profit and special-interest clients, mobilizing grass-roots coalitions such as the 41-organization Coalition for a Better California, for a public relations and public lobbying effort to oppose human service budget cuts.

- **Huckaby Rodriguez, Sacramento:** A full-service firm which does local, state and national campaigns for Republicans. Principals are Gary Huckaby and Carlos Rodriguez.

- **Directions/King & Associates, Sacramento:** Democratic war-horse Rose King has done full-service campaign work since 1982, when she finished as executive director for the state Democratic Party. She's managed dozens of Assembly and Senate campaigns — as many as eight at a time with former partner Larry Sheingold, and on her own won the incumbent-upsetting victory of Congressman Calvin Dooley in 1990. She's won awards for television spots, and now specializes in campaign media and communications.

- **Kuwata Communications, Santa Monica** — Kam Kuwata, for years U.S. Senator Alan Cranston's press secretary, has run a one-man Democratic campaign and political public-relations firm since 1987. Considered a top strategist



King

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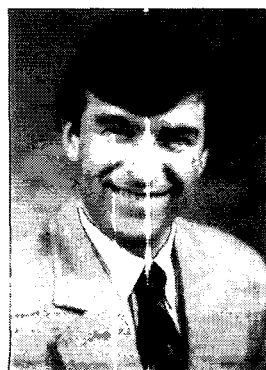
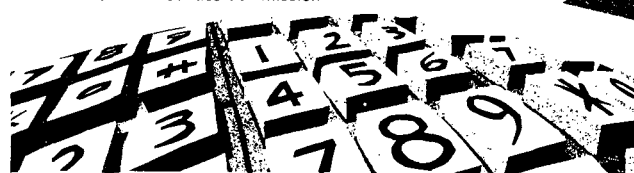
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OCTOBER

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Oct. 17	State Budget Process	Sacramento
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Oct. 24	Bill Tracking and Analysis	Sacramento

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and above-board player, Kuwata has the contract for Dianne Feinstein's 1992 U.S. Senate campaign.

• Lungren and Company, Sacramento: As one might suspect, any firm run by Brian Lungren, brother of Attorney General Dan, would specialize in Republican candidates.



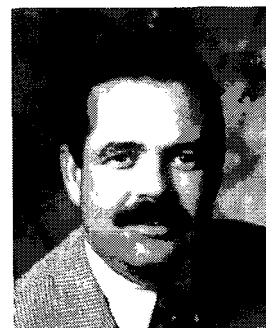
McElroy

Lungren managed his brother's campaign for attorney general in 1990, as well as former Treasurer Tom Hayes' successful 1990 primary campaign against Angela "Bay" Buchanan. He also served as California director for Bush-Quayle in 1988 and ran the successful campaign to pass Proposition 139.

• McElroy Communications, Sacramento: Former Los Angeles TV reporter Leo McElroy runs his Democratic political consulting and campaign firm out of a low-overhead midtown Sacramento Victorian. Unlike a burgeoning

breed of slick and expensive public-relations types, McElroy manages an effective media and strategy operation with few frills so he can afford to represent non-profit or "good cause" candidates along with more lucrative initiatives and candidate contracts.

• Ray McNally & Associates, Sacramento: McNally's GOP Capitol contacts and effective direct-mail operation keep him busy despite increased competition. His absentee ballot/direct mail campaign on behalf of B.T. Collins beat an Assembly seat challenge by conservative Barbara Alby in a tough Sacramento-area July special election.



McNally

• Nelson & Lucas Communications, Sacramento: Veteran Southern California GOP strategist Bob Nelson joined forces with Donna Lucas, deputy press secretary to former Governor George Deukmejian, in a Sacramento political public-relations venture early this year. The firm handled the press for B.T. Collins' Assembly race, and handles political public relations for the insurance industry-dominated Association for California Tort Reform and ARCO.

• Eileen E. Padberg Consulting, Irvine: Eileen Padberg got her start through the Young Republicans in the late 1960s and launched her consulting firm in 1970 with an Orange County supervisorial race and with Bill Dannemeyer's first campaign for the Assembly. Her more recent clients include western regional director for the Bush presidential campaign, John Seymour's bid for lieutenant governor in 1990, local and statewide initiatives and local candidates.



Lucas

- The PBN Company Sacramento, San Francisco: This seven-year-old firm built a solid reputation targeting media campaigns to build coalitions on behalf of legislation and initiatives. It does no partisan or candidate work, and doesn't register as a lobbyist, but represents the powerful state Chamber of Commerce, the State Lottery, and independent insurance agents, among others. President Peter Necarsulmer managed this year to set up shop in Moscow.

- Clint Reilly Campaigns, San Francisco: His peers won't have Clint Reilly around to envy anymore, as the most successful political consultant of them all announced last month he's taking a year off to travel and reflect. He's managed more than a hundred Democratic campaigns, made a fortune in the 1988 initiative wars, and scandalized the campaign world when he "fired" gubernatorial hopeful Dianne Feinstein, saying she wasn't working hard enough as a candidate.

- Revell Communications — Dennis Revell, who started his business in 1984, was one of the first capital firms to branch into political public relations. Recently, he successfully petitioned the Secretary of State to use California's statewide voter registration master file for public information efforts on behalf of his clients. He registers as a lobbyist but specializes in media campaigns that will bring public pressure to bear on lawmakers.



Revell

- Ross Communication, Sacramento: Richie Ross, once Assembly Speaker Willie Brown's top political strategist, has lost some key races amid charges of mud-slinging campaign tactics. However, through the years he's produced enough winners to remain a heavy-hitter for Democrats, and won Proposition 98 for the California Teachers Association.



Ross

Senator Becky Morgan.

- Russo Marsh & Associates, Sacramento: Sal Russo helped pull George Deukmejian's gubernatorial campaign out of the water in 1982. Joining with GOP media consultant Tony Marsh and Assembly GOP caucus chief administrator Mark Timmerman, the firm brings strong conservative credentials to its political advertising and campaign consulting business. Recently, however, it lost Christian fundamentalist Barbara Alby's underfinanced bid against B.T. Collins for state Assembly, largely because of Collins' absentee ballot campaign.

- Solen/Loeb and Associates, San Francisco: Manages ballot campaigns, including polling, computer targeting and direct mail. The firm is led by Don Solem, Jonathan Kaufman and Olive Lewis.



Metzger

- Stoorza, Ziegaus & Metzger, Sacramento, San Diego, Riverside: This firm has taken off in several lucrative directions since hard-driving Bobbie Metzger left her job as Assembly Speaker Willie Brown's press secretary in 1984 to join with former *San Diego Tribune* reporter Alan Ziegaus and marketing specialist Gail Stoorza. The firm has stopped representing candidates or lawmakers in Sacramento, although it lobbies and campaigns for local candidates in Sacramento. Statewide, the firm specializes in the labor- and hour-intensive process of building grass-roots coalitions, such as the group of educators pulled together to push for the Democrats' goal of full funding of Proposition 98 in the 1991-92 state budget. In Los Angeles, the firm won passage of transportation tax Proposition C — one of the few local tax increases to win last November.

- Rick Taylor & Associates, Los Angeles: Political strategists for Democratic candidates, including Los Angeles Mayor Tom Bradley and Los Angeles area city councilmen and school board members. A small firm, well-connected in

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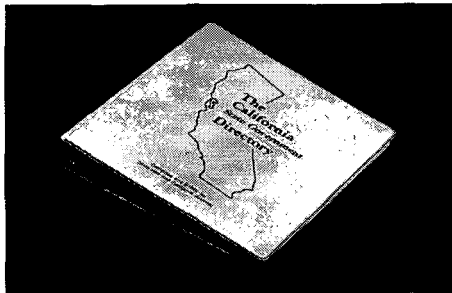
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the Southern California.

• Joe Shumate and Associates, San Francisco: Shumate, a master at applying high-tech to the task of targeting voters, is hard at work on reapportionment strategy for the Republicans. He represents moderate GOP candidates, losing recently in Bill Steiner's Orange County special election race against ultra-conservative Mickey Conroy. In 1988 he won pro-choice candidate Tricia Hunter's tough race in a similarly tough San Diego special Assembly race.

• Spencer-Roberts & Associates, Irvine: Stu Spencer and Bill Roberts founded their firm in 1960 and made their big mark in 1966 when they helped guide Hollywood actor Ronald Reagan into the California governorship. Spencer still runs the firm, although it is largely inactive (see following story).

• Darryl Srago, Los Angeles: Srago started managing campaigns back in 1972. He arrived in California a decade later to get out of politics and practice law in Los Angeles but was lured back into the fray as manager of Alan Cranston's 1986 reelection to the U.S. Senate. Srago since has handled statewide races for selected Democrats, including Leo McCarthy's U.S. Senate bid in 1988 and Dianne Feinstein's gubernatorial primary in 1990. He also served as state director for U.S. Senator Al Gore's presidential effort in 1988. Currently, Srago is on sabbatical from campaign managing while serving as chief of staff to Board of Equalization Chairman Brad Sherman and considering options for 1992.

• Staton Hughes, San Francisco: Mary Hughes is former state Democratic Party director and campaign staffer for U.S. Senators John Glenn and Max Baucus. Public relations strategist Cliff Staton and Hughes have run campaigns for San Francisco Mayor Art Agnos, City Attorney Louise Renne, and Superior Court Judge Donna Hitchens, the nation's first

openly lesbian Superior Court judge. Specialties are political research, strategic planning and campaign materials.



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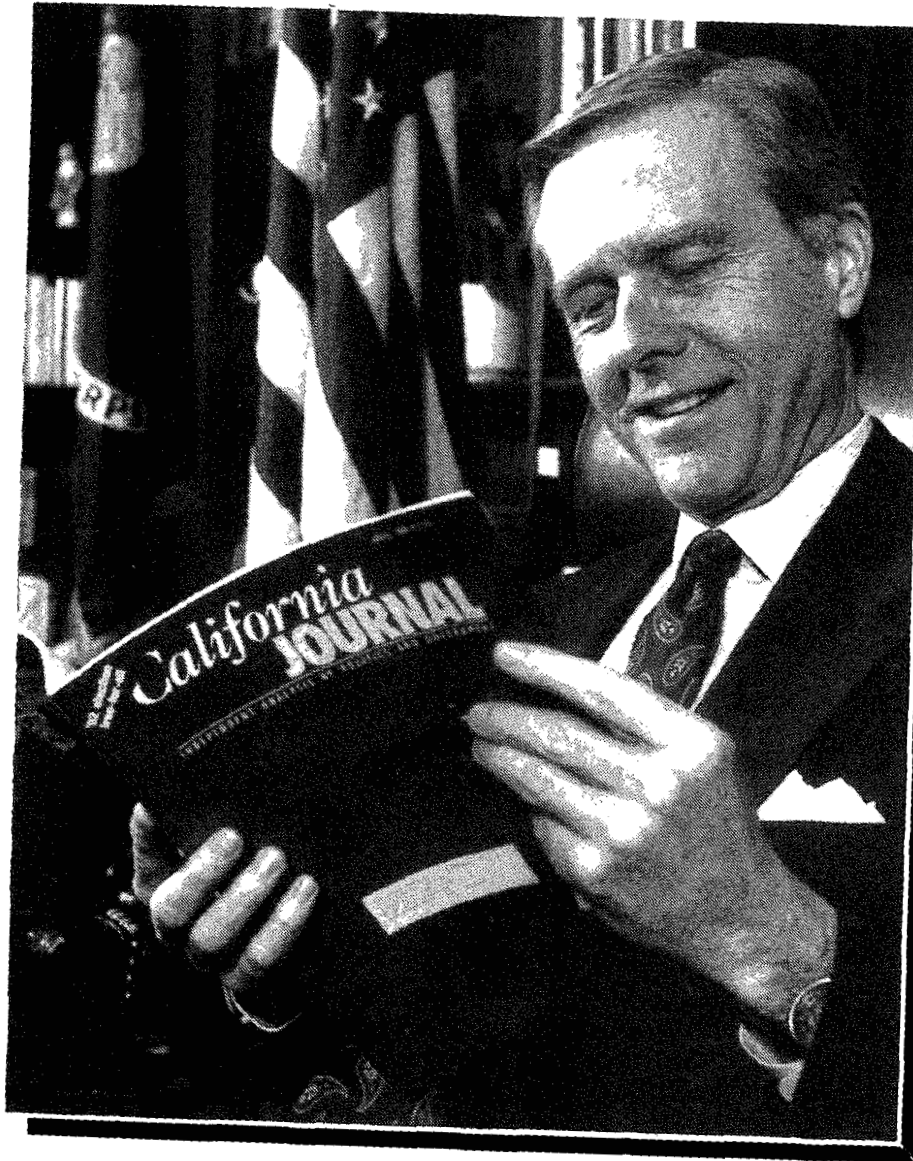
• Townsend and Company, Sacramento: Another firm that started out strictly with campaigns and has moved successfully into the lucrative political public relations arena, building grass-roots "issues based" coalitions on behalf of clients' interests. Lost the "No on 99" (tobacco tax) campaign but retains a solid corporate and association clientele.

• WGC/Claussen, Sacramento: Led by Richard Claussen, this firm specializes in managing ballot campaigns for pro-business interests and includes among its client list developers, defense contractors, utilities and insurance companies.

• Winner/Wagner & Mandabach, Los Angeles: Charles Winner and Ethan Wagner are one-time Sacramento lobbyists who, with Paul Mandabach, now operate a firm specializing in ballot measures across the country. Their specialty is production and placement of electronic media, although the firm also manages campaigns.

• Woodward & McDowell, Burlingame: Still the place to go if you've got lots of money and want hordes of workers out pushing to pass or defeat an initiative. Dick Woodward and Jack McDowell pioneered hi-tech campaign field operations. 🏠

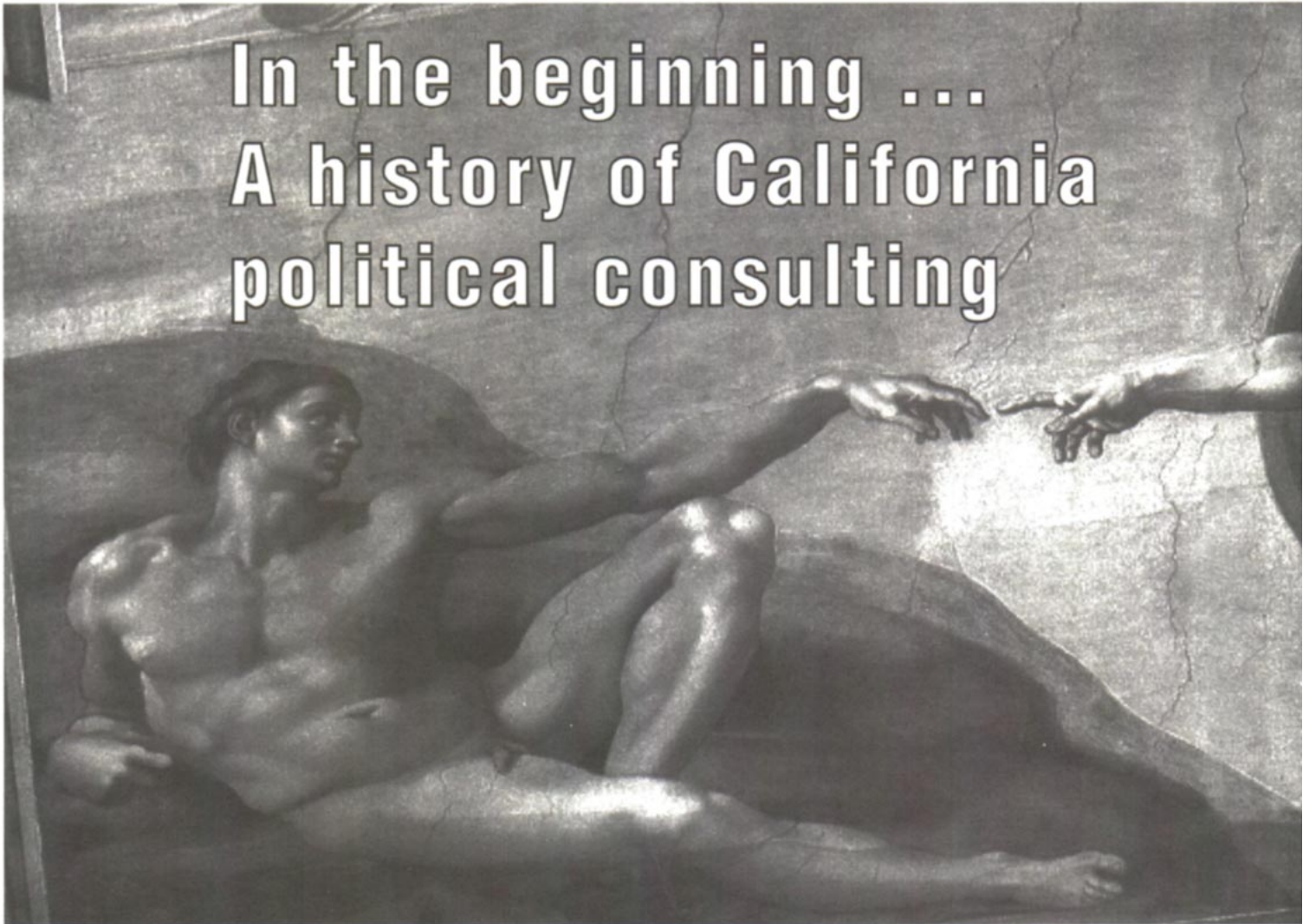
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*Pete Wilson,
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In the beginning ... A history of California political consulting



By Richard Rapaport

In the beginning, in California's campaign world, there were no Clint Reillys, no Richie Rosses, no Berman D'Agostinos, Winner/Wagners or David Townsends. Nor were there richly appointed offices where teams of full-time consultants could plot strategy, tailor — and often create — candidates, and otherwise engage in what we today accept as the full spectrum of political consulting.

There was only San Francisco's Whitaker & Baxter; once tagged by long-time *San Francisco Examiner* columnist Dick Nolan as "the very first big marketing agency dealing exclusively in the packaging and selling of political ham."

In fact, before the emergence of Clem Whitaker Sr. and his partner and second wife, Leone Baxter, there was no such creature in California politics as a campaign consultant. True, there were managers, party hacks and volunteers to

Richard Rapaport is a freelance writer from San Francisco and a contributing editor of San Francisco Focus magazine.



stuff envelopes, raise money or write ad copy. But, always, the Wednesday after the first Tuesday after the first Monday of November; the posters came down, the headquarters were swept out and campaign workers packed off to whatever fate awaited them "off-year."

That is until the emergence, in the mid-1930s, of W&B. Clem Whitaker, the son of an itinerant Baptist minister, had lived all over California, joined the Army during the First World War and in the early '20s, in his early twenties, became a reporter. It was while working for the *San Francisco Examiner* that Whitaker discovered there was a living to be made in campaigns, and enough political work to be hustled between elections that — for the first time — a campaign organization could actually keep its doors open off-season.

Whitaker's first political enterprise was an editorial service called Capitol News Bureau, which supplied features to California's smaller newspapers and embryonic radio stations. Most were understaffed and were happy to receive and use the copy that W&B produced.

Not coincidentally, the causes W&B flacked found their

way into the public consciousness. "It was a means of keeping issues that we thought were of consequence ... before the people," recalled Clem Whitaker Jr., who took over from his father in the early 1950s. From editorial copy, the next step was advising and then running entire campaigns. In 1930 Whitaker Sr. founded Campaigns Inc., the first professional political campaign management firm in America.

W&B's early campaigns were among California's most historic and controversial. There was a campaign for the progressive Central Valley Project — a program to move water the hundreds of miles necessary to turn the central desert into the most fertile agricultural zone on the continent. Then there was the anything but progressive job that W&B did in 1934 on the utopian Democratic gubernatorial candidate Upton Sinclair (see "Sinclair for governor," *CJ*, November 1983). W&B portrayed Sinclair's EPIC (End Poverty In California) campaign as a sinister Bolshevik plot, and the internationally known writer was defeated by a lackluster Republican. Sinclair and others blamed W&B for the prototype "hit" campaign, but it was the kind of blame from which

professions are built.

Clem Whitaker found his political and personal match in Leone Baxter, a young woman who had run the Red Bluff Chamber of Commerce before catching Whitaker's eye during the Central Valley Water Project campaign. She became a partner in the firm in 1933 and Whitaker's wife in 1938. Baxter became a legendary operative in her own right; in 1965, earning an accolade that said as much about the times as the subject: "A brilliant political strategist with a mind like a man and a manner that is totally feminine."

The W&B manifesto was "put on a fight, or put on a show." And in 1946, W&B participated in the fight to defeat a compulsory health insurance initiative sponsored by liberal Republican Governor Earl Warren, for whom W&B would become something of a *bete noire*.

In 1948 W&B put on a show, taking on railroad unions on the issue of featherbedding. The gimmick was a rewrite of a famous railroad song; Californians found themselves humming, "I've been loafing on the railroad ..." As Whitaker Jr. recalls, "We played those radio commercials till they came out of their ears." And in 1950 W&B hit the national campaign big time, taking on the then-record, multimillion dollar bid by the American Medical Association to block a national health insurance plan and "fight socialized medicine."

W&B made, and occasionally broke, candidates as well as issues. Whitaker managed gubernatorial bids by C.C. Young, Earl Warren, Goodwin Knight and George Christopher, the senatorial campaigns of Hiram Johnson and the San Francisco mayoral bids of Roger Latham. It played a role in the presidential campaigns of New York Governor Thomas E. Dewey (against California favorite son Warren) and was also a key player in nurturing the career of a young California congressman named Richard Nixon.

There were those who believed that Whitaker & Baxter also played a role in the appointment of political foe Warren to the U.S. Supreme Court, largely to eliminate him from the California political scene and as a potential presidential rival to Vice President Nixon and Republican Senator William Knowland.

And in 1958, when Knowland returned to California to run for governor — both to improve his 1960 presidential prospects and because his wife wanted to break up an on-going Washington affair — it was Clem Whitaker

Sr. who broke the news to erstwhile client Governor Goodwin Knight that it would be better for the GOP if Goody gave up the governorship and instead ran for U.S. Senate. After weeks of intense pressure, Knight gave in. And in June of that year, W&B dropped Knight because of "previous commitments."

The "Big Switch" of 1958 ended the careers of Knight and

Knowland. But it only did W&B good. The following year, there was talk in Republican circles of hiring W&B to help put the California Republican Humpty-Dumpty back together again.

In 1960 a new generation was in charge at W&B; son Clem Whitaker Jr. bought out his father and stepmother just in time to help formulate an independent California campaign strategy for Nixon's presidential bid. In a redux of the Upton Sinclair strategy, W&B produced a series of animated cartoons, that, according to Whitaker Jr., "had Kennedy people just screaming."

Gradually, over the next decade, W&B began to focus on non-campaign related political affairs, more lucrative and less destructive than the business of running campaigns. Political consulting was a business for youngsters and, just as it had been a pioneer in getting into the business, W&B would show the way out for many consultants. But it had been quite a string; W&B had run nearly 75 cam-

paigns between 1933 and 1955, winning all but five. But by the late '50s a whole new generation of political operatives had begun to people the scene that W&B largely had created.

One of the most legendary of whom was Don Bradley. Bradley was a political writer's dream — larger than life, a sardonic, hard-drinking, chain-smoking, crotchety, awe-inspiring, ex-merchant marine whose soft voice didn't conceal a bludgeoning wit and a will that served, in the mid- to late-1950s to whip the California Democratic donkey towards a virtual golden age.

There were some, like Bradley protegee Cyr Copertini, later secretary to three San Francisco mayors, who thought the man was nothing less than the "most important campaign person of the era." And there were others, like former Governor Pat Brown, who having felt Bradley's quiet wrath thought, "He was tough, he was hard." Bradley ran two of Brown's gubernatorial races and had put the fear of God into him both times.

Bradley's importance to the Democratic Party cannot be underestimated. In 1953 California Democrats, like their national counterpart, was a party tired, bankrupt and unpopular. After 20 years, mainstream New Dealers had grown old and the stinging Democratic defeat at the hands of Dwight Eisenhower in 1952 had seemed like the final nail in the party coffin.

At first, Don Bradley had seemed an unlikely saviour. A member of Marine Cooks and Stewards Union — and an inspired chef — Bradley had been seconded in 1938 to work on the campaign of Democratic gubernatorial candidate Culbert Olson, the sole Democrat to reign in Sacramento during the first half of the century.

Bradley served with the merchant marines during the Second World War, mustered out and moved to St. Helena where he owned a laundry business and served on the Napa County Democratic Central Committee. But politics was never far from his mind, and in 1950 Bradley moved back to the Bay Area where he took a job as Congressman Jack Shelly's field director. He lead Shelly's re-election campaign and then, using Shelley's San Francisco offices, began to solidify the contacts that he would need to run a business as a successful political consultant. Jack Shelly's son, Kevin, to whom Bradley was "Uncle Don," remembers "when the phone bills came in, they



McDowell

were huge, Dad had to pay them out of pocket."

Bradley was also the executive secretary of the state Democratic Party and in 1953 helped organize a conference at Asilomar out of which came the California Democratic Council — the legendary liberal base from which the party would launch its comeback. The first several salvos, like the 1954 race for governor (Bradley ran the campaign of Richard Graves) and the '56 presidential race (Bradley ran Adlai Stevenson's Northern California campaign), didn't leave the launchpad.

But in 1958 Bradley used his profound organizational skills and his influence with the emerging CDC to support electable moderates. This meant supporting for U.S. senator the slightly hayseed Congressman Claire Engle



Spencer

over the more urbane, but then less viable CDC president Alan Cranston, still emerging from his flirtations with the World Federalists.

Bradley brokered a deal that made Engle the senatorial candidate and Cranston the candidate for State controller. It was a tribute to Don Bradley that the CDC, with its almost cultlike distrust of conventional party politics and campaign professionals in general, would put its trust in him.

Bradley also was advising the gubernatorial campaign of state Attorney General Pat Brown, and 1958 was a breakthrough year for the Democrats, with the entire slate winning big. But it was also the beginning of the end for back-roomers like Don Bradley, for 1958 was also the year when party affiliation began to take a back seat to the cult of candidate and the professionally run, media-oriented campaign that made the 1960 presidential race such a milestone.

A new age was dawning, an age of science, polls, television, direct-mail targeting and pros who knew how to use them all. It was no longer enough to have party endorsements, billboards,

and slate cards.

But Bradley was, at heart, a classic Democratic labor organizer. He had the best little black book in California. He knew just whom to call to orchestrate a campaign; how to get the money flowing in, the volunteers lined up and the candidate booked all over the state. Bradley was of a generation that had the political maps in their heads, that did things by feel. It wasn't that he

didn't believe in the new scientific approaches, he just trusted his instincts more. Political consultant John Rubin recalls that during a later campaign, Bradley would pull out a sheet of paper with polling data and gave it to Rubin. "I've got this fancy \$10,000 poll, I haven't had time to look at it. If you want it, here..."

In 1962 Bradley ran Pat Brown's conventional, and successful, 1962 re-

election campaign against Richard Nixon, helping to turn the "amiable but bumbling" Brown (Nixon's term) into a giant killer.

But it turned out that the 1962 campaign was the political high-water mark for the lone wolf, ideologically pure campaign professionals like Bradley who took the candidates largely as they were and then worked with what they had.

Bradley spawned a number of successful Democratic consultants, including San Francisco's Tom Saunders who, with Cyr Copertini, opened what was probably the first year-round Democratic consulting firm; and Joe Cerrell, who ran Hubert Humphrey's 1968 presidential campaign in California.

But 1962 race was the last of its kind; in 1964 Don Bradley and the classic Democratic campaign style ran head on into a kind of campaign and candidate that would bedevil his party, and not just in California, until today. In '64, Bradley stunned fellow Democrats, many already committed to the senatorial bid of Alan Cranston, by backing, and then running, the campaign of Pierre Salinger, John Kennedy's former



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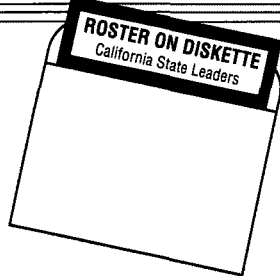
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press secretary who had left Washington to run on his New Frontier credentials. The Salinger campaign managed to beat Cranston in the primary but ran into something completely new in the general election.

That something was a tall, silver-haired Hollywood song — dance man named George Murphy, better known for co-starring with Shirley Temple than for his statecraft. Initially, no one took Murphy seriously. After all, with popular Senator Claire Engle up for reelection, the whole thing seemed like an exercise in losing gracefully. And George Murphy was a graceful man.

But Engle had been sicker than anyone had realized, and when he died in April 1964, Murphy was the only Republican who had filed for the party nomination. More esteemed Republicans might now want it, but Murphy had the nomination.

For Republicans the whole thing seemed hopeless. Salinger had been appointed to fill out Engle's term, which meant that he was not only the Democratic nominee, but also the incumbent. Lacking the Democrats' organizational lead, Republicans in desperation turned to a young advertising man and former candidate for state assemblyman from Beverly Hills — Sandy Weiner. Weiner had done some local Southern California races under the tutelage of Whitaker & Baxter, but the 1964 race was his first statewide shot. Out of necessity, Murphy's campaign would have to be media-oriented — and television was what Weiner knew. His first move was to recruit Walt Disney to serve as Murphy's campaign chairman.

And since the only real issue that interested Murphy was desalinization, Weiner decided that the only winning strategy was to sell the man, who, fortunately was "tall and sparkling eyed," and looked far more like a U.S. senator than "short, pudgy, cigar-smoking Pierre Salinger."

When Murphy and Salinger debated, the media, still steeped in old-time civics, had Salinger winning on points. But Weiner saw something different happening. For one thing, he saw Murphy gain nearly 15 points in the polls in the days following the debate. "We won prior to the debate," he says, "when we insisted that the candidates stand, not sit." It was simple and it was revolutionary. On his feet, Murphy looked like a U.S. senator and Salinger did not.

Murphy, ridiculed by the press and dismissed by old-line political insiders, beat Salinger handily in what was otherwise a Demo-

cratic year. And to Weiner, and a few others, the election proved a staggeringly simple political truth: "It was the first California campaign where people showed they were interested in the person rather than the party."

And the day after the election someone else who had followed the election closely paid a visit to Murphy's office. Ronald Reagan announced that he

would be running for governor and wanted to take over what he called the "Murphy Machine."

It was not Weiner, however, who was destined to move the prototype California "citizen-candidate" towards his rendezvous with presidential destiny. Rather, in 1966 Reagan turned to two 40ish Southern Californians, Bill Roberts and Stu Spencer, a former television salesman and recreation director respectively, who, like Sandy Weiner had turned political professional in the post-1958 world of mediagenic politics.

In 1960 Spencer and Roberts, who had worked their way up from precinct workers, quit the Los Angeles County Republican Committee to open their own business. More interested in winning than in ideology, "We wanted decent people with their heads screwed on right," Spencer now says. S/R ran several successful right-wing Republi-



Weiner

can Southern California congressional campaigns, before picking up moderate U.S. Senator Thomas Kuchel's re-election campaign in 1962.

The following year, Spencer/Roberts made a splash on the national scene when they ran underdog liberal Republican Nelson Rockefeller's nearly successful California primary campaign against Barry Goldwater. By portraying Goldwater as a dangerous radical, they brought Rockefeller to within several thousand votes of victory. Unruffled but impressed, Goldwater later recommended Spencer/Roberts to Reagan.

In 1966 S/R was so hot that they had the choice of running the gubernatorial campaigns of either Reagan or Republican front-runner, Mayor George Christopher of San Francisco.

"Christopher was the odds-on favorite," Roberts recalls. "We looked at both and made the gut decision that if we could get Reagan past the first six months, we had a winner."

Initially, they must have rued their decision. Reagan was anything but a polished political performer. His awkwardness and propensity for gaffes called for an entirely new way of representing the candidate. And in near desperation, S/R obliged by presenting Reagan as a "citizen-politician" whose very amateurism was a positive attribute.

S/R also was pioneering the use of social, scientific and computer analysis and tracking, even setting up their own data-processing company. The old-line Pat Brown campaign machine underestimated Reagan and the California press was baffled by S/R's candidate and the "new politics" he represented.

S/R seemed to lose steam soon after. In what was the typical arc of a hot campaign firm, S/R, which in 1966 had a 41-7 win-loss record, made some bad decisions on candidates, "spread ourselves too thin," and then suffered a string of defeats in the early '70s, which led to a drought of business in 1972. In 1974 the clatelic and slightly embittered Roberts sold out to Spencer and then went in a different line of work — training people to be the companions of dying patients.

But in 1976, both Spencer and Roberts were called back into action, taking over the faltering campaign of America's unelected president, Gerald Ford, who was being strongly chal-

lenged, ironically, by Ronald Reagan. Spencer took over as Ford's campaign manager when manager Howard "Bo" Calloway ran into legal problems. And Spencer brought in Roberts. Ultimately Ford prevailed over Reagan for the nomination, but not over Jimmy Carter in November 1976.

Nor could Spencer escape a growing reputation as a down-and-dirty hardball political player. During the Ford

campaign, allegations surfaced about a "campaign school" that Spencer and Roberts had run in the '60s in which they were alleged to have taught candidates to "bug, spy on and disrupt the campaigns of opposing candidates." In the post-Watergate parlance of the times, S/R was characterized as "the original dirty trickster."

Spencer's response is that his bipartisan classes merely taught candi-

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dates what to look out for and that the reports were the work of the angry former Ford campaign higher-ups whom he replaced.

Spencer worked as a senior strategist for the 1980 and 1984 Reagan-Bush campaigns, while Roberts managed George Deukmejian's 1982 run for governor against Los Angeles Mayor Tom Bradley. It was in that capacity, three weeks before the election, that Roberts was reported to have remarked that because of an inherent voter bias against blacks "if we are only down by five points or less by election time, we are going to win."

Roberts was right, but he was also out, forced to resign by a shaken George Deukmejian.

If both Stu Spencer and Bill Roberts have largely gone out of the active campaign business, their thematic approach and candidate-building style was carried on by two members of S/R's Northern California operation who, in 1971, broke away to form their own highly successful firm.

Dick Woodward, a tough ex-Marine infantry officer, and Jack McDowell, a former *San Francisco Examiner* editor (known by some who worked for him as "the meanest city editor in San Francisco,") had both worked for S/R during the Reagan 1970 gubernatorial re-election campaign before striking out on their own. Today, eschewing candidates for ballot initiatives, Woodward/McDowell boasts the successful California State Lottery initiative in 1984. The firm also spearheaded the defeat of the anti-smoking initiative in 1987, insurance industry-sponsored propositions 101, 104 and 106 in 1988, and the environmentalist-sponsored "Big Green" initiative in 1990. Between 1971 and 1990 W/M achieved a remarkable 90 percent win ratio.

But it was during the 1976 senatorial campaign of S.I. Hayakawa that Woodward/McDowell took the Sandy Weiner-S/R school of personal politics to possibly its highest level.

Hayakawa, a linguist and former president of San Francisco State University, had had a single moment of notoriety when, in 1968, he had broken a student riot by climbing atop a sound truck and pulling out the wires. The image of the tam-o'-shantered Hayakawa became a potent symbol for those opposed to the radical '60s. But it was the only thing that W/M had going

when they began the campaign.

"We had him wear the hat throughout the campaign," McDowell says, about the image that W/M created for Hayakawa. They even changed his name, dropping the too-formal "S.I." in favor of the friendly, common-sounding "Sam."

And so, with little money and little support, the campaign set off to sell a short, aging, Japanese-American intellectual to the California public. "We didn't have any money and he didn't even have a mailing list," McDowell recalls about the primary campaign against several well-known longtime Republican officials. What Hayakawa did have were boxes and boxes full of unanswered letters and telegrams left over from the student riots of 1968.

"We had him write thousands of letters inviting support," Woodward recalls, "and then money would come pouring in." Whenever the campaign ran low on funds, another box would be brought out, letters written and "then, more money."

With the primary won, funding was no longer a real problem. In the general election Hayakawa faced the handsome, incumbent Senator John Tunney, son of legendary heavyweight boxing champion Gene Tunney.

W/M set out to fashion an attack campaign that would not only unseat Tunney but also set a standard for the satiric "hit" campaign television ads that since have become the meat of political campaigns. There was the "flip-flop" ad, with Tunney's record narrated with a visual of a wiper sweeping back and forth on a muddy windshield. And W/M played brilliantly on Tunney's frequent absences from the Senate — the "empty chair campaign." W/M ran a series of ads in which an unoccupied seat was set in front of palm trees or an Alpine setting or one of the various vacations spots that Tunney frequented. Tunney's record would be explained

and in the end Sam Hayakawa would come in and occupy the chair. Which is exactly what happened in the general election.

But both Woodward and McDowell understood the tough nature of their business. "There may be psychic satisfaction from coming from nowhere to 49.5 percent," said Woodward, "but you still lose." They have remained in a business that has eaten up many competitors by sticking with initiatives and non-electoral political consulting.

Indeed, W/M even sets strict rules for the kinds of initiative campaigns they will run: According to McDowell, "We will not accept a ballot initiative unless we are consulted and contribute to the wording and language of it."

And how do they feel about the next generation of consultants now on the scene? According to McDowell, "There are more tools available today — television, the wedding of computers with direct-mail techniques — but some of them are not being well used. It's a little like having a very expensive high-powered rifle. You're the envy of all great hunters, but if you're not an expert you can't hit the side of a barn with it."

Hitting the electoral target is a sport today practiced by hundreds of individuals and firms. Campaign consulting is still a tough and unforgiving profession — a line of work that favors the young and the thick-skinned. The professional life-expectancy of campaign consultants can be measured by their success rate in the last election.

But that there is even a field of endeavor known as campaign consulting is largely due to the pioneers like Whitaker & Baxter, Don Bradley, Sandy Weiner, Tom Saunders, Joe Cerrell, Spencer/Roberts, Woodward/McDowell and others who took the risks, believed in the candidates — or pretended to — and loved the game enough to come back after the wonderful victories and the inevitable, bitter defeats. ■

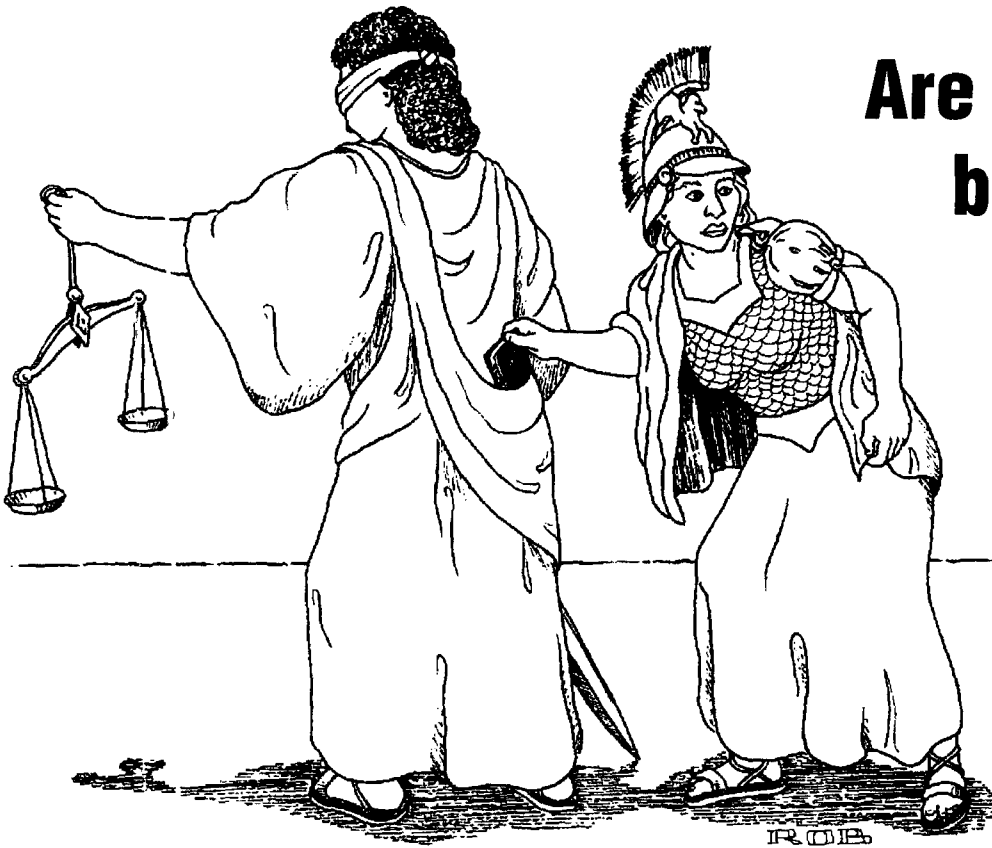


Woodard

Picking Justice's pocket

Are state courts becoming tax collectors?

By Michael Trihey



In post-Proposition 13 California, the state and its budget-strapped counties quietly have turned to an unlikely and unsuspecting source to build courthouses, finance fingerprinting and emergency medical programs and to support retired judges.

Speeding motorists pay hundreds of millions of dollars a year in "penalty assessments" that frequently have little to do with driving violations but have been an increasingly important source of money for the criminal justice system and, now, the state's general fund.

It is a politically expedient hidden tax, say some legislators and judges, who see the assessment process as a fundamentally dishonest system that threatens to turn honest citizens into fugitives, police into bounty hunters and judges into state revenue agents.

At its worst, the system requires dangerous criminals be set free when traffic violators, unable to pay large assessments, are sentenced to overcrowded jails. At the very least, it is a

bureaucratic nightmare to court clerks who must administer it.

"It was a nice program when it started in 1953," said Republican Assemblyman Charles Quackenbush of San Jose. "But it's turned into a monster."

"Penalty assessments have just gotten out of hand," said John Burton, the San Francisco Democrat who chairs the Assembly Committee on Public Safety. "They're horrendous."

The assessment system is a mammoth, increasingly controversial program that affects millions of Californians each year, but it is little known to the general public.

The assessments are fines on top of fines — surcharges added in criminal and infraction cases. Bit by bit, the payments have grown proportionately with state and local budget difficulties, culminating in June 1991 when, as a part of AB 1297, they were increased dramatically to help balance the state budget.

After that increase, the surcharges are expected to pull \$480 million a year from lawbreakers, the vast majority of them motorists and parking violators.

The basic assessment for the state is now \$17 for every \$10 of fine — a 170

percent increase that turns a \$100 infraction into a \$270 violation and, said judges, turns courts and law enforcement into a government collection agency.

"The basic problem here is that the state is in financial trouble," said Richard Stanford, presiding judge of the Central Orange County Municipal Court. "They're looking to the courts as a revenue source. And that's not what the courts are meant to be."

Judges have been concerned for years that the assessments were creating a growing disparity between crime and punishment. Now, with an assessment schedule that puts total payments for some of the most common traffic violations into the hundreds of dollars range, judges are saying there may be a backlash: Judges may reduce the basic fine for less-than-wealthy miscreant motorists, cutting the fine-plus-assessment to a total the judge believes more appropriate for the offense and the offender.

"There may be a subtle mentality on the bench here to lower the fines to lessen the hit," Judge Stanford said. "That kind of defeats the whole pur-

Michael Trihey is assistant city editor of the Bakersfield Californian.

pose of the thing ... but when it starts interfering with our ability to do justice, in general, the mentality around here is, 'We're not just a taxing agency. We're not just here to make money.' We like to believe we have a little higher calling than that."

"The question comes down to whether it is really too much of a penalty in relation to the actual offense," said Ronald Quidachay, presiding judge of the San Francisco Municipal Court.

Legislators have been concerned about the level of assessments, too. As late as May, when the surcharges varied from county to county (ranging from \$9.50 to \$14.50 per \$10 of fine and averaging \$11.50), lawmakers were saying the penalties were becoming too high. Some, like Burton, said they would approve of new assessments only in extraordinary circumstances. That's what happened, he said, when push came to shove on the \$14 billion budget imbalance. "We were forced into doing a lot of stuff we didn't like," he said. "We had to do it."

Tucked in Assemblyman Phil Isenberg's AB 1297 and overshadowed by the enormity of the budget crisis, the increase in assessments received little notice in the media. But that's the way it always has been with the surcharge program. Legislation raising the price for running a stop sign never got much press. For one thing, it's very complicated and rarely has been controversial because it is so politically safe. Increases of 5 or 10 percent at a time are enacted through county-specific bills, usually introduced by the lawmaker representing the affected county. An assemblyman or senator rarely was called upon to raise the assessment in his or her own district.

Since the enabling legislation began with a local resolution by the affected county's board of supervisors, the introducing legislator couldn't be held fully responsible for the increase in the assessment. Traffic offenders have little representation in the legislative process and rarely know about the increase until they get a ticket — and then they're angry with police and the courts, not with the lawmaker who helped enact the assessment.

"These are viewed in Sacramento as district bills," said David Scharlac, the legislative counsel for the Automobile Club of Southern California. "Typically, Trice Harvey will say, 'Why are you

messing with me? This is down in my district, it doesn't apply to the whole state. Don't give me a bad time.'"

Harvey, the Republican assemblyman from Bakersfield, introduced legislation in February that would have raised Kern County's assessment 10 percent to what then would have been the highest in the state: \$15.50 per \$10 of fine. His bill, which would raise \$700,000 a year for 10 years to build a new crime lab, is still alive but, after the assessments were raised statewide to \$17 by AB 1297, doesn't have much of a chance of becoming law.

"The board of supervisors and the D.A., who wanted me to do this, don't feel the people would want to vote to give a general tax increase of any sort for this, but would support having those who are violating the law pay," Harvey said. "It's much easier to let those who may be getting ticketed and so forth for law infractions pay it, instead of the general populace."

"It's a good political shelter," said Quackenbush. "Drunk drivers and speeders don't have much of a lobby. And you can always say you're not voting to raise taxes, you're just getting tough on lawbreakers. I can understand that feeling."

Alison Harvey, Assemblyman Isenberg's chief of staff, said using assessments was appropriate in balancing the budget because drivers cost the state much more than they pay.

"We're an auto-related society, and we're going to absorb that within our tax structures," she said. "It costs the courts about \$350 million a year to handle motor-vehicle infractions. Of the 17 million annual filings in the courts, 13 million are auto-related. In fact, the motorist doesn't pay his fair share in society at all. Across the board, roads or parking or the impacts of automobiles, they just aren't paying their own way. So there were no particular feelings of guilt about going after motorists. In fact, it was quite to the contrary."

The assessments were first imposed at 5 percent in 1952 to reimburse the state school fund for driver-education programs. They gradually increased as "abuser fees," with the assessment directly related to violation on which it was based. But after 1978 — and Proposition 13 — the number and size of assessments grew dramatically and in many cases the nexus between violation and assessment was non-existent. An assessment of 100 percent goes to

the state, some of it for specific projects, some of it to the general fund. The remaining 70 percent goes to the county in which the crime or infraction was committed, where boards of supervisors can allot it to projects specified in state law — such as courthouse or jail construction, fingerprinting systems or emergency medical facilities.

"In the last five years the penalty assessments have changed drastically," said John Korach, of the State Controller's Office. "It used to be \$3 assessment for each \$10 of fine at the state level."

In Sacramento County, "in 1984 it was \$7 [per \$10 of fine], total," said Sherman Moore, accounting manager for the Sacramento Municipal Court. "In '87 they changed it to \$9, and in '88 they changed it to \$11, then in '89 they changed it to \$11.50, then in '88 they changed it again, to \$13.50."

"These numbers just keep growing," said Karl Jaeger, presiding judge of the Los Angeles Municipal Court. "And the Legislature, instead of funding things or not funding them, tacks it on as a penalty assessment and leaves it to us to explain it to the defendant. And there are so many things that are so remote to the operation of the court and the court system, that judges find it mind-boggling."

The one-two fine-plus-assessment punch frequently hits those who least can afford it — motorists in run-down cars cited for equipment deficiencies the driver couldn't afford to fix in the first place. The poorer the violator, the larger his fine and assessments are likely to be: A farm worker driving an uninsured car with bald tires and emitting too much smoke can face a final court bill of thousands of dollars. The combination sometimes is more than the value of the car.

"A lot of times, people who get these citations have limited resources," said state Senator Don Rogers, a Bakersfield Republican. "They may be out of work and then they get thrown in jail and can't work."

Honest drivers, judges said, sometimes are so shocked by the amount of the combined penalties — penalties they know they cannot pay — that they simply don't come to court. That results in a warrant, additional fines and penalties and, usually, an eventual arrest.

"Quite a few" motorists end up in jail because of unpaid fines and assessments, said Judge Stanford in Orange

County. "We already have overcrowded jails. Now we have to put people in jail for things that, if we didn't have this penalty assessment, they would be more likely to pay than go to jail."

That's the "double whammy" said Quackenbush, the assemblyman. "You have to pay all the costs of incarceration, and you don't get the fine or the assessment."

In some counties with severely overcrowded jails, when someone goes to jail, someone else must be released. That's why most judges try to find alternatives to jailing traffic offenders, even if they can't pay their fines or assessments.

"I always try to find a way to avoid incarcerating these guys," said Bakersfield Municipal Court Judge Frank Hoover. "If I've got some poor person who doesn't have \$400 to pay for a cracked windshield, I don't want to put that person in jail and have to release an habitual drunk driver or habitual drug user to make room."

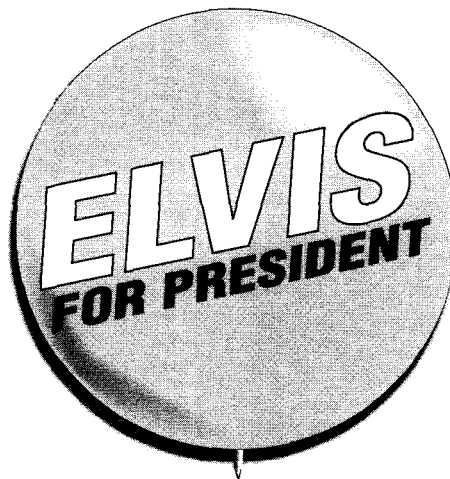
That kind of scenario and administrative problems have prompted the California Judicial Council to oppose increasing assessments, said the council's Sacramento counsel, Stephen Birdleough. "The minute the level of your fines gets up to where there is any substantial number of people who elect to serve it out instead of paying it, it becomes very counterproductive. Court time is very expensive. It becomes counterproductive if the assessment and fine become so high people come to court to argue they should get a lighter sentence," he said.

And the whole business cheapens the justice system because it increasingly is becoming, judges say, a business.

"We have ceased to recognize the courts as a fully independent branch of the government that the legislative and the executive simply have to pay for," said Judge Hoover. "They just have to pay for it, and hope we don't screw it up. They should not expect us to do anything but make sure the state and federal constitutions are adhered to. They should not look to us to raise money. If we impose fines, we should impose them as a punishment and deterrence, and we should collect them in the same fashion. If we raise money, good. But our purpose should not be to raise money."

The system gives police officers the same problem, said Quackenbush.

"I think everyone has always had



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resentment for the police officer sitting behind the billboard, waiting for people to roll through some convenient stop sign. This is the kind of thing we're getting into when you've got to put pressure on your police officers to go out and wring money out of people. That isn't what they're all about.

"I'm not any kind of soft-on-crime person," he said. "I'm always right down the line, jacking up sentences and things like that. But I'm not sure this is really good budgeting procedure. Do we want our cops being pressured to go out and write tickets on parking violations or do we want them busting crack houses and going after murderers?"

Another big concern is the pure mechanics of levying the assessments.

"It's a nightmare," said Laura Hankins, senior consultant to the Assembly Committee on Public Safety, which considers assessment legislation. "It's absolutely crazy."

Payments to the court must be divided between the fine and the assessment, each of which must be divided among the state and local governments. The county's portion of the

assessment then must be allocated to the various projects designated by the board of supervisors.

And those are just the basic assessments. Many crimes carry additional flat fees. In each traffic case in many counties, for instance, a \$1 assessment is added to pay for night court. In some counties, drivers convicted of not wearing seat belts pay a \$2 fee for a brain injury clinic in addition to the 20 percent assessment they pay for emergency medical services. In cases where narcotics are involved, the defendant in some jurisdictions must pay a \$50 lab fee — in addition to the 20 percent assessment for construction of the criminalistics laboratory. Other assessments contribute to a non-victim restitution fund and pay for crime prevention.

The fines and assessments frequently add up to more than the motorist can pay immediately. When the defendant is permitted a payment schedule, each payment must be divided into its various parts so that each account will get a partial payment.

Everyone wants to get tough on drunken drivers so, in some counties,

as many as 32 state and local assessments are added to the basic \$390 fine, bringing the total due to nearly \$2500. That's getting tough on court clerks, too, who must divide each payment by each drunken driver 32 times.

"And it depends on when the violation was committed," said Moore of the Sacramento Municipal Court. "Some people take a while to get through the court system. If the offense took place in 1988, the fines and assessments in place then are charged. If it happened in 1989 or 1990, there are different penalty schedules."

"And almost none of it comes from people who commit crimes that were crimes in 1910: rape, robbery, burglary—the people who are the reasons we have prisons and armed policemen," said Hoover, the Bakersfield judge. "These aren't the people this deals with."

"These assessments come from the people who drive unregistered cars and have bald tires and crappy engines that can't get smogged," Hoover said. "And if that's the group of taxpayers the Legislature thinks is going to balance the budget, they're nuts." 🏠

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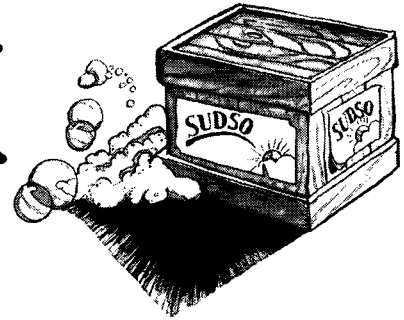


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SOAPBOX



Privacy in the information age

By Jim Conran



The advent of computer and communication technologies in the mid-1960s brought about the end of the "electronics age" and created, full-scale in the 1990s, the "information age."

Those technologies have permanently altered the relationship between individuals and businesses. They have resulted in a cashless, plastic society where very few people can rely solely on their reputation or their bank accounts as evidence of their financial responsibility. In the past, people either paid cash for major purchases, or went without. Now, individuals who want to pay cash are frequently viewed with suspicion. Businesses and credit lenders are far more reassured by evidence from a third party that the individual has not only a sound history of borrowing money and repaying it, but the capability to do so in the future.

Perhaps the most significant change, and to many the most foreboding, is that individuals now have much less ability to decide what personal information about themselves is disseminated to others. Consumers can no longer assume that the financial, medical, and legal information they provide to a single source, for a single purpose, will remain with that source.

Consider credit files, for example. Whenever a person is granted credit from a bank or business, details of his or her personal life — current place of employment and outstanding debts, as well as the person's address, phone

number, age, and marital status — make their way into vast computerized data banks maintained by major credit bureaus. Often without the consumer's knowledge, the bureaus then create profiles of consumer lifestyles and spending habits, which businesses purchase to bolster their marketing efforts. While consumers may not suffer actual harm from this practice, many are unhappy that the information is disseminated without their consent, and annoyed by the increase of credit-card offers and advertisements in their mail boxes.

Given that the information age, with its speedy transmission and manipulation of personal data, is here to stay, is it reasonable to expect economic privacy in the 1990s and beyond? Probably not — at least not on the scale it existed during the period of paper-and-pencil record-keeping in the first two-thirds of the century.

Yet, few would advocate returning to that time by forsaking the benefits technology has to offer. The advantages of ready accessibility to credit information are obvious. With individual bankruptcies rising 25 percent annually, credit lenders are becoming more and more reluctant to lend, especially to consumers with limited or suspect credit histories. Consumers with accurate, up-to-date credit files can know within an hour whether they qualify for a car loan or bank credit card.

But it is simplistic to view the information age as either a manifestation of Orwellian predictions or one of computerized ease void of consequence. It does not present us with a black-and-white, evil-versus-good situation over which we have no control.

Public policy makers and the credit industry will play a critical role in creating an environment that will allow individuals to reap the maximum benefits

from the sophisticated technology of the '90s, while protecting them from the pitfalls, and mitigating the problems, that such technology poses. What is the appropriate course of action for these institutions? I believe it is one of maintaining balance and providing education.

The informational needs of businesses must be balanced against the privacy interests of individuals. This can be achieved with the creation of a legal and economic structure which takes both sides into account. The information age offers consumers many choices over how new technology affects them.

The same advanced technology that has created the fear of "Big Brother" can be used to guard against it. For example, the credit reporting industry could develop a computerized method for making across-the-board corrections to consumer credit files. Corrections made to a consumer's credit report for one company could be made simultaneously to the credit-reporting databases of other companies, thus lessening the chance that a consumer will suffer financially from erroneous information.

Further, the credit reporting industry must develop proactive consumer policies. Consumers do not object *per se* to the collection and dissemination of personal information. What they dislike is that it is often done incorrectly and without their knowledge. Credit bureaus must inform consumers not only when they are compiling information about them, but why they are doing so. Consumers should also be given a choice over whether they want to be included in particular lifestyle or economic profiles (for example, whether they want their name on a list of consumers making over \$50,000, with \$5000 available balance on their credit cards).

Continued on next page

In shaping a balanced environment, public policy makers must make decisions on the issues of who should be allowed access to what types of personal consumer information, and when credit information should be used for non-credit decisions. (For example, should potential employers be allowed to request credit reports as part of pre-employment screening?)

On the legal front, the California Legislature is crafting laws to protect consumers without jeopardizing the conveniences of readily accessible credit information. Some proposed laws seek to provide consumers with easy ways to correct false information. Still others would place some of the most abused information — for example, marital status or age — permanently off-limits.

If this legislation is enacted, appropriate government agencies and the credit industry must immediately provide consumers with information on their new rights. Unbeknownst to many

of them, consumers already have the ability to control much of their credit information. They can view their credit record, for a small fee, and also modify erroneous or outdated information in their files. The importance of education in helping to balance the interests of businesses and individuals cannot be overemphasized.

Orwellian fears are not unfounded. The capability of '90s technology to store, disseminate, and manipulate data is extraordinary. Certainly, opportunity exists for privacy violations, and many have already occurred. Yet this same technology has the capability of helping individuals maintain the level of privacy they desire.

Public policy makers and the credit industry share the burden of educating consumers, and modifying the legal and economic structure when necessary, to balance individual and business needs and rights.

What specific advantages would a

balanced environment offer? Consumers would have the benefit of accurate, current credit information only a phone call or FAX away, enabling them to make major purchases with relative speed and ease, thus improving the quality of their lives. At the same time, they would be able to guard their privacy rights with more control over the type and quantity of information disseminated about them.

Credit grantors, with the added assurance of consumer repayment based on credit information, would be more willing to lend. Businesses could improve their marketing efforts based on consumer spending habits. Overall, the economy would benefit from these increases in commerce.

In a balanced environment, both parties can enjoy technological advantages without fear of one gaining the upper hand over the other. Technology need not drive us in the information age; we can harness it to our benefit. ♀

BALLOT FRONT

A roundup of statewide initiative proposals. All statutes require 384,973 valid signatures; constitutional amendments require 615,958. In parentheses is the deadline for sponsors to submit signatures to county clerks, and the issue of California Journal that contains a full explanation of each measure. The full texts of all initiatives may be obtained from the Secretary of State's election division, 1230 J Street, Sacramento CA 95814.

New in circulation:

FORESTRY PRACTICES — an initiative statute, sponsored by Barry Fadem of San Francisco, that requires forest protection plans in areas where timber is harvested and sets a review process that would determine impacts on the environment, wildlife and watersheds. The measure also requires fire protection plans and forest fire prevention plans; prohibits harvesting over more than 70 percent of the timber in a given area within a 10-year period; limits timber harvesting in "ancient forests," watershed areas and other specified areas; and imposes new timber harvesting fees. (December 22nd)

CIVIL RIGHTS. DISCRIMINATORY CONDUCT. HOMOSEXUALITY. BISEXUALITY — an initiative constitutional amendment — sponsored by Louis Sheldon of Anaheim, Thomas Kwong Jr. of Sacramento, Frederick Price of Los Angeles, and Larstella Parker of Los Angeles — that provides that no statute or ordinance take effect or remain in effect that establishes homosexuality or bisexuality as a civil right or prohibits discriminatory conduct on such a basis, unless the provisions of such a law or ordinance are approved by two-thirds of the voters. (December 23rd)

RECALL OF GOVERNOR WILSON — a petition to recall Governor Pete Wilson sponsored by five Sacramento-area residents — Deborah Murray and Teresa Squier of Sacramento, Herbert Redlack of Carmichael, Sharon Moad of Fair Oaks and Corinne Lavorico of Woodland. Petitioners must collect 923,937

signatures which must be obtained from at least five different counties and must be equal to 1 percent of the last vote for governor in each of the five counties. (January 16th)

Continuing in circulation:

LIMITATION UPON GOVERNMENT ACTIONS AND SERVICE IN GOVERNMENT — an initiative constitutional amendment, sponsored by Robert Lochridge of Redwood City and Eric Harlow of Mountain View. (September 19th, June 1991 CJ)

INITIATIVE AND REFERENDUM PROCESS — an initiative constitutional amendment and statute, sponsored by Richard Gann of Folsom. (September 30th, June 1991 CJ)

HEALTH CARE — an initiative constitutional amendment, sponsored by Stephen Schear of Oakland. (October 31st, July 1991 CJ)

GAMING COMMISSION. SPORTS WAGERING. LOTTERY GAMES — an initiative constitutional amendment, sponsored by Democratic Assemblyman Dick Floyd of Gardena. (November 4th, July 1991 CJ)

LEGAL PRACTICES AND SERVICES — an initiative constitutional amendment, sponsored by Ken Steenolsen of Belmont Shores and Lennis Holm of Fallbrook. (November 15th, August 1991 CJ)

VACATIONS, WORKERS — an initiative constitutional amendment, sponsored by Richard Such of Palo Alto. (December 6th, August 1991 CJ)

Failed to qualify:

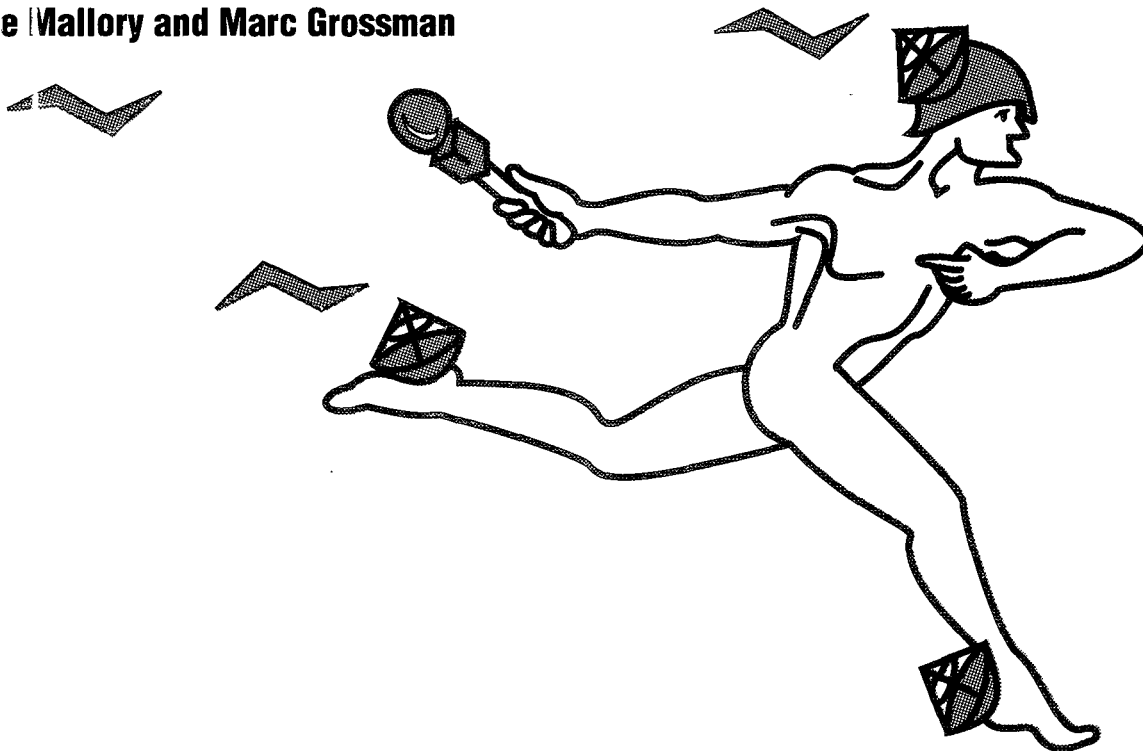
JURIES — an initiative constitutional amendment, sponsored by Judy Osburn of Maricopa. (June 1991 CJ)

MARIJUANA — an initiative statute, sponsored by 17 advocates from around the state. (June 1991 CJ)

Source: Secretary of State

The press release goes high tech

By Steve Mallory and Marc Grossman



The video press release was inevitable. All the cosmic signs were present: television stations statewide pulling out of Sacramento, a high-tech revolution of satellites and mini-cams, and the growing desire of politicians to "spin" the news by using sophisticated public-relations techniques.

Viola.

The video news release (VNR) — a specially crafted slice of tape that some say serves the same purpose as the time-honored printed news release. Advocates hail the VNR as a cheap way for television stations to maintain a political presence in the Capitol without the expense of supporting a bureau in Sacramento. Critics, however, say it is one more step in the process of news

manipulation by those who can afford it.

Politicians want to be on television. Political groups with a message want to be on television. Unfortunately, over the past decade, fewer television stations want politics clogging up the airwaves. Thus, political public-relations firms and consultants proliferated during the 1980s, helping candidates, officeholders and corporate clients get attention, sharpen images or place the best spin on positions and events. Influencing television news coverage became a challenge, given the sheer size and diversity of California, the modern-day economics of the television news business, and the fact that some news directors and assignment editors are loath to cover political stories.

Little more than a decade ago, a number of major stations staffed full-time Capitol news bureaus with reporters and camera crews. At one time during the 1970s, half-a-dozen stations from San Diego, Los Angeles, and San Francisco maintained a presence in Sacramento. Competition for ratings among the stations required that material be "fresh." So film (and

after 1977, video tape) had to be shot in Sacramento and shipped on daily flights in time to be edited at the stations for late afternoon newscasts.

But advanced and much more costly technology, especially the use of satellites by television news organizations, sealed the fate of the Capitol's out-of-town bureaus. Even before satellite technology, wary station accountants were questioning whether personnel and other expenses required to keep bureaus open justified one or two stories a day generated from Sacramento. The key was cost. Journalistic considerations came second. Thus, the last Sacramento bureau, operated by San Francisco's KRON-TV, shut down in 1988.

Sending stories by satellite requires expensive transmission facilities. Only a few very large stations own their own transmitting equipment, which "uplinks" signals to orbiting satellites. The signals are then "downlinked" at studios on the ground. Stations won't invest in costly uplink facilities in Sacramento to air a handful of stories that take less than 30 minutes to transmit by satellite. A fully equipped Capitol bureau could cost a

Steve Mallory covered the Capitol in the 1970s for Los Angeles' KNBC-TV and now runs Northern California News Satellite and PACSAT. Sacramento media consultant Marc Grossman was press secretary for Proposition 98 in 1988, and for Cesar Chavez from 1975 to 1981.

Los Angeles station as much as \$500,000 a year. In these days of tight budgets, local television news departments don't have that kind of extra money to spend.

Sometimes, TV news people try to get stories from out-of-town stations affiliated with the same network or from other stations under trade agreements. Occasionally a station will fly a news crew to Sacramento but only in unusual cases such as gubernatorial inaugurations or legislative milestones.

More than two dozen stations in all the state's major television markets rely on Northern California News Satellite (NCNS), a Sacramento-based video wire service, to fill the vacuum created after television news departments closed down their Capitol bureaus. Using its own equipment, NCNS uplinks more than half a dozen stories a day by satellite to subscribing stations.

And then, there is the boredom factor: Some TV news decision-makers believe Capitol coverage has little value in a visually oriented medium; complex issues are hard to condense into small sound bites delivered by talking heads.

Even in Sacramento, where consumers of TV and print news get more political coverage than other Californians, only two out of five local television stations that cover news events have a full-time Capitol correspondent. In contrast, nine reporters, two editors and two columnists observe politics and government for *The Sacramento Bee*.

Still, most stations want at least some Capitol coverage, even if they can't establish bureaus in Sacramento. NCNS, the video-news service, sometimes arranges for coverage of late-breaking stories, but cost-conscious TV news departments must pay additional fees for the extra service.

Enter the video news release.

Take, for instance, coverage of a pro-education rally held at the state Capitol last April 3rd. It was a made-for-television event, featuring 8000 to 10,000 teachers, parents, students and administrators — the largest Capitol gathering in recent memory. Its principle speakers included Jesse Jackson, farm labor leader Cesar Chavez and Assembly Speaker Willie Brown. It was topical,

with school funding and preservation of Proposition 98 at the center of debate over an enormous budget shortfall that eventually reached \$14 billion. It was controversial, with thousands rallying against Governor Pete Wilson's proposed school cuts just outside the governor's office window.

There was just one problem: timing. To attract a large crowd and accommodate teachers and parents traveling long distances, organizers set the main program to begin at 5 p.m. — too late to make the regular mid-afternoon satellite feeds.

Organizers hoped stations in Sacramento would cover the event live since it was scheduled at the same time as their newscasts. As interest in the rally mounted, stations in the Bay Area also planned to send crews.

But television coverage of the event was lost to the state's 10 other TV markets, particularly in populous Southern California. So rally sponsors, chiefly the California Teachers Association, decided to pay for a satellite feed offering taped highlights of major speeches and crowd shots free of charge to about

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55 stations across the state. They hired a camera crew and editing facilities from PACSAT, NCNS' parent company, and booked time on a satellite for an evening transmission at 8 p.m. Although the feed would be too late for early newscasts, there was a good chance that it would get modest play on late-night news programs.

But some television news editors were interested in more, complaining that the tape feed missed their late-afternoon news. Thus, PACSAT and rally sponsors decided to make the event available live to stations via satellite for a full hour between 5 and 6 p.m. That allowed TV news producers to monitor the event as it was happening and plug it into their newscasts live during a key speech or to record it for later use.

At 5 p.m., the live feed began. News producers around the state were faxed the schedule so they could decide when to take the signal live, forcing master of ceremonies Willie Brown to keep to a strict program. At 5:15 Cesar Chavez opened his address in Spanish at the request of several Spanish-language stations. Then he switched to English. At 5:22 CTA President Ed Foglia started speaking. At 5:28 Jesse Jackson was introduced. Once Jackson began his speech there was concern he might talk beyond 6 p.m. At 5:50, PACSAT asked officials controlling the satellite if they would "extend the bird" — continue the uplink-beyond 6 — until Jackson finished speaking. The extra time was booked.

But the live broadcast was only one part of the package. Tape from the event was edited into a video news release at PACSAT's studio across the street from Capitol Park. This segment, stressing crowd shots and "color" from the rally (stations already had plenty of video from speakers), was transmitted during the 15 minutes CTA had originally reserved for its 8 p.m. satellite feed.

Many stations took the CTA-sponsored live uplink and early evening VNR.

The question for TV news decision-makers is, should they be used?

Since "getting past the threshold" — convincing the press to pay attention — is the consultant's first challenge, should television journalists pick up what amounts to paid news releases? Can only well-heeled groups afford to go hi-tech?

Promoters of the new technology argue that making video news releases

available presents reporters with no greater ethical dilemma than accepting conventional press releases. After all, journalists often take quotes and information directly from printed news releases. In either case, reporters and editors decide what goes into the story. (Television stations also invariably credit sources supplying VNRs.)

Advocates also distinguish between canned video news releases prepared by media consultants and satellite uplinks of live events, such as the April 3rd Capitol rally, which simply "put up the picture" unedited and without comment.

News professionals are more cautious. "It's a sensitive issue," said Nancy Valenta, news director of Los Angeles television station KNBC-TV. She said her station tends to shy away from VNRs on hard news subjects. Their sponsors "always have an agenda which has to be taken into consideration," she said. However, the station did air segments of the pro-education demonstration from the CTA-supplied satellite uplink.

KABC-TV Assistant News Director Jim Hattendorf said his Los Angeles station "will use a VNR if it is a scheduled event about a legitimate news story that we can't cover." He said the station doesn't use material that "is obviously commercial or political. Sometimes, we'll get an idea from a VNR and go do the story ourselves."

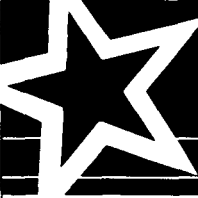
"It's all propaganda," commented Dan Gingold, a University of Southern California journalism professor. "News directors shouldn't put anything on the air without checking it out." Gingold said VNRs should meet the same test as material submitted by staff reporters: They should be examined closely for balance because they're not necessarily objective.

The costs of a video news release vary from \$1000 to \$4000. The higher ranges are reached when firms like PACSAT provide notification (pitching the story to stations prior to the feed) and follow-up (determining where it was picked up); good press consultants usually prefer handling that work themselves. An hour-long live uplink will run at least \$5500, including satellite time and use of staff and equipment.

Of course, satellite technology proponents say many organizations and politicians spend much more on public relations professionals who grind out print releases that frequently receive little play.

Satellite uplinks also won't work for every occasion. Stations will use them if they involve legitimate and topical news events, and the material is offered without editorial comment, as with the April 3rd CTA event. Those who compete for news coverage will continue embracing satellite technology because they know there is a market for it, given restricted TV news budgets. 🏠

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WASHINGTON PERSPECTIVE

By LARRY LIEBERT

Desert politics

There's the eight miles of routes for off-road vehicle enthusiasts in the Frog Creek Wilderness. And the active pumice mine in the Coso Range Wilderness. And the potential solar-energy facility in the Little Chuckwalla Mountains Wilderness. And the Metropolitan Water District's right-of-way in the Old Woman Mountains Wilderness.

THESE LOCALES IN THE VAST CALIFORNIA desert may sound quaint and arcane. But they are all very real examples of sites that would be exempted from previously proposed environmental restrictions under terms of the new, retooled version of the California Desert Protection Act.

Since 1986 California Democratic Senator Alan Cranston has been introducing legislation to protect millions of acres in the California desert from dune buggies, grazing domestic sheep, mines and motels. His efforts have been chronicled in these pages from time to time. But Cranston's ambitious environmental bill never went anywhere. For most of the time, the state's other senator, Republican Pete Wilson, stymied the measure by refusing to cut a deal on terms acceptable to Cranston. As governor, Wilson still argues that Cranston's version of the bill would make too much of the desert inaccessible to urban visitors. His appointed successor as senator, John Seymour, has taken a much more conciliatory tone toward reaching agreement on a desert bill.

But Democratic members of the California House delegation evidently grew weary of waiting for a deal to gel in the Senate. Representatives Mel Levine of Los Angeles and Richard Lehman of Fresno have introduced their own bill in an effort to forge a compromise that would move first through the House.

"The logjam is broken," crowed Levine. "The California desert's day in Congress has finally come It is time to reward the desert's magnificence the same way we've rallied for California's coast and its forests."

Lehman added, "Until now, no one has been willing to compromise, which has only hurt the unprotected desert."

Levine is an urban liberal who backs every environmentalist position in the book. But Lehman is a Central Valley centrist who had not taken a stand on previous versions of the desert bill. Now, he's in a position to be the deal-maker. George Miller, the Bay Area Democrat who has taken over as chairman of the House Interior Committee, named Lehman to head a specially designed Subcommittee on General Oversight and California Desert Lands.

Lehman has scheduled hearings for September 12th on the new desert bill, and they should be lively.

Four Republican House members whose constituents include development-minded residents of the desert — Jerry

Lewis of Redlands, Al McCandless of La Quinta, Bill Thomas of Bakersfield and Duncan Hunter of Coronado — are pushing a far less expansive desert protection bill based on a proposal by President George Bush.

"The so-called experts who feel that they have all the answers for our desert have totally ignored years of public hearings and the many compromises that have already been made in an effort to advance their own concept of what constitutes a suitable compromise," Lewis said. "The many voices of the California desert who contributed to our public wilderness bill deserve to be heard by Congressman Lehman's subcommittee in September."

Lewis and his allies said that Bush's proposals were based on 15 years of study and 40,000 public comments in a process mandated by the Federal Land Policy and Management Act of 1976.

All of the desert bills involve complex designations of land for the varied levels of protection provided to wilderness areas, national parks and national monuments. As one guide of the vast dimensions at stake, Levine and Lehman say their bill would designate 4.4 million acres of new wilderness area — compared to 2.3 million in the Bush-backed measure.

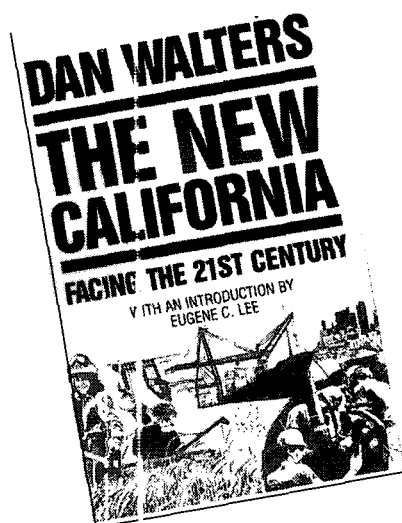
On the other hand, the Levine-Lehman bill exempts 250,000 acres that had been slated for protection in Cranston's measure. The exemptions were intended to meet at least some of the complaints of off-road vehicle owners, utility companies and miners who have objected that they would be blocked from pursuing their activities in the desert. The new bill also specifies that established ranchers may continue to graze their livestock on federal land for 25 years. The new bill would create a Mojave National Monument, but not the full-scale national park that Cranston had sought for the Mojave.

Now, the heavy political action begins. In the Democratic-controlled House, Levine and Lehman reportedly are hoping to push through their desert bill before Congress adjourns for the year. The only thing that might give them pause is the threat of a veto by Bush if the bill goes far beyond what the Republican members from the desert can abide.

IN THE SENATE, SEYMOUR WOULD BE hard-pressed to oppose a House-passed compromise as he attempts to prove his environmental credentials going into his first statewide election next year. For his part, Cranston could complain that the Levine-Lehman bill waters down his original proposals too much, but the retiring senator should prove eager to secure passage of a compromise desert bill that can be viewed as part of his legacy.

With all of these interests at work, Congress may be forced to become well-versed this fall in the intricacies of Frog Creek and the Little Chuckwalla Mountains. 🏠

BOOKS from California Journal



The New California — Facing the 21st Century

by Dan Walters
with an introduction
by Eugene C. Lee

The *Sacramento Bee's* well-known political correspondent, Dan Walters, completed a 9000-mile odyssey through California's 58 counties which served as the basis for this book. It describes the socioeconomic future of the nation's largest state and the political implications of these trends. This lively and insightful book has become a basic reference on California since its publication in 1987. The 180-page book contains numerous charts with detailed political and demographic data. Price: \$8.95.

California Government and Politics Annual, 1991-92.

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Campaigning in California. A practical guide to state and federal election finance laws by the law firm of Nielsen, Merksamer, Hodgson, Parrinello & Mueller. This easy-to-understand Q & A format includes changes made in 1988 by Propositions 68 and 73. 8 1/2 x 11". Price: 1-2 copies, \$1.95 each; 3-49 copies, 99¢ each; 50-99 copies, 74¢ each; 100 or more, 54¢ each.

Sacramento Political Visitor's Guide. A 20-page, full-color guide for persons visiting the Capitol for the purpose of making their voices heard in the political process. Contains maps of the downtown area and the Capitol building, information on the legislative process, where to wine and dine, places to stay and how to get around, 8 1/2 x 11". \$1.95 each; 2-49 copies, 99¢ each; 50-99 copies, 74¢ each; 100 or more, 49¢ each.

Reporting: An Inside View, by Lou Cannon. How many of us know what really goes on behind the scenes in the complex process that determines what is and what isn't fit to print? Anyone interested in the working of the press will find *Reporting: An Inside View* fascinating reading. 1977. 6 x 9", 308 pages. \$9.35 cloth, \$4.95 paper.

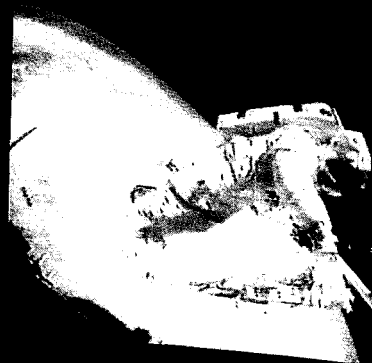
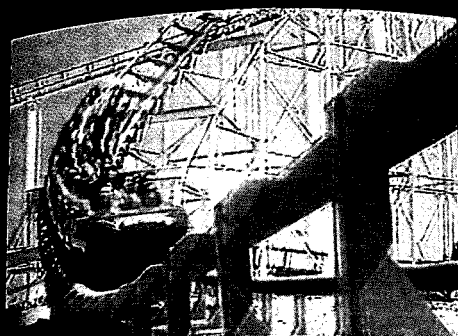
California's Budget Dance: Issues and Process, by

Richard Krolak. California's \$50 billion budget is where the action is when it comes to programs and policy in the nation's largest state. But the budget process is complicated and murky, often taking place behind closed doors. Now comes *California's Budget Dance*, a 128-page book that clearly outlines the steps, the schedule, the players and the politics of the process. The secret's out now; anyone can be a force in the process and understand what's going on. 1990, 5 1/2 x 8 1/2", 116 pages, \$7.95, paper.

Legislative District Maps of California. Description of the current Assembly, state Senate and Congressional districts in California, including registration data and 10 maps. Also includes a brief history of reapportionment of the decade of the '80s. Price for this 8 1/2 x 11", 16-page booklet: \$2.25 ea.; 3-10 copies, \$1.99 ea.; 11-49 copies, \$1.79 ea.; 50 or more copies, \$1.39 ea.

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